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COMMENT 83

BRITISH EXPERIMENT ON TRIAL
IF ENGLAND CAN PLAN
AS WELL AS SHE ENDURES . . . *H. N. Brailsford* 89

AN ECONOMY IN TRANSITION *Dudley Seers* 98

LIMITS OF TERROR *Josef Guttmann* 109

SOCIALIST OR MANAGERIAL REVOLUTION? *Leon Blum* 118

FREEDOM AND BUREAUCRACY *Kurt Schmidt* 127

YOU CAN'T LEGISLATE MATURITY *David Dubinsky* 130

INTERNATIONAL PRESS 142

BOOKS 151

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COMMENT

Peace Treaties Or Peace?

As this is written, the Council of Foreign Ministers is meeting in Moscow with the purpose of concluding peace treaties with Germany and Austria. Present opinion seems to be that the Council will be unable to fulfill its task. Of course there are optimists who are hopefully expecting the conference to be a "success." Or are they rather pessimists? Must one hope for the "success" of this conference? Is it cynical not to want it to "succeed?" What constitutes "success" in this connection?

Certainly it is highly desirable to end once for all the intolerable uncertainty that hangs, like a Sword of Damocles, over Europe. But mere signing of treaties will not necessarily do that, nor is it true that *any* treaty is always better than *no* treaty. Peace is more important than treaties, and, judging by the record, the "peace" treaties concluded thus far have not only failed to bring peace but have perpetuated the same intolerable uncertainty that they should have been designed to remove. After framing of the five secondary treaties on Italy, Bulgaria, Hungary, Rumania and Finland last February, the European situation became no less uncertain or dangerous than it was before. It became even worse, in fact, for the ceremony in Paris was turned into an official funeral service for anything that might have remained of the Atlantic Charter. It killed the last shred of hope awakened by that "historic" document which, according to the late President Roosevelt, never existed anyway except in the form of a press handout. At least that part of the "press release" concerning the rights of self-determination, of respect for the will of peoples, continues to exist only as a ghastly monument to hypocrisy, poisoning all international life.

Now in Moscow the "peace-makers" are to come to grips with the basic, the really crucial problem—that of Germany. What can be achieved by a German treaty? Will it legalize all *faits accomplis,* all annexations which have occurred? Treaty or no treaty, the Soviet Union will not surrender an inch of territory it has and is determined to hold. Even should Russia agree to some changes in the German-Polish frontier, this would not alter the situation created by annexation of the Baltic States, Eastern Poland and part of East Prussia. Such a

treaty would not create a new evil, it is true, but it would be meaningless.

But in another way a treaty may be exceedingly harmful. A German treaty must necessarily determine the future organization of Germany, how she is to meet reparations, etc. The solution of these questions is necessary and extremely urgent. But not *any* solution. The inclusion of the whole of Germany in the Russian sphere would be a solution. Mr. Molotov will scarcely propose that, yet he may be expected to agree only to a treaty that prepares the way for Russian domination of Germany. Would such a treaty be a "success?"

The other powers have two alternatives: either to insure the "success" of the conference by conceding practically all Soviet Russia demands, or to admit failure and "agree to disagree"; either to cease all resistance to Russia's political strategy in Europe, or reserve for themselves the possibility of meeting it with their own political strategy. In case of the latter, the situation after the conference will not be satisfactory, but at least it will not be the worst possible outcome.

The question then would be whether the Western powers would be able to shape an effective political strategy—effective in preventing infiltration of their zones of influence by Communist fifth columnists and in establishing conditions which will keep the German people from turning to the wildest German nationalism. Soviet Russian policy is playing both these trumps: infiltration and encouraging German nationalism outside the Russian zone.

"Re-education" of the German people in democracy by words alone is not enough. Indeed it is not possible. The conditions of life for the German people must become such that they will turn voluntarily and eagerly toward the democratic forces of the world and acquire the morale to reject subservience to the will of totalitarian conquerors.

Supermen Or Super-Robots?

We Americans are the slickest "packagers" in the world. We can take some rice or wheat, blow it up to fill an appealing package and sell it to ourselves for twenty times its worth. We can take practically anything to eat, drink, wear, ride in, or otherwise consume and dress it up to rival the Crown Jewels. We have only to turn loose one of our industrial designers and he will come up with a streamlined manure-spreader looking like a dream ship ready to take off for Mars.

It is the box, container, case or shell that counts; what is inside is becoming less and less important.

Such a shift in emphasis in the realm of food, apparel, mechanical gadgetry, etc., may be unimportant. But let it take place on the human level and it becomes important indeed. No nation in the world, for example, provides better material care for its children than does the U.S. Except for the youth of urban and rural slum areas, no children in the world are so well-nourished, well-clothed, well-housed as are American children. This is doubly true today—not so much because our standards have risen recently but because those of so much of the rest of the world have been shattered by war and crisis. Here in America we may yet be on the way to producing that race of supermen —if the human body (the package) is to be taken as the criterion— whose coming was predicted with such confidence before the Great Depression. But what of the contents?

William Benton, U.S. Assistant Secretary of State, points out that this country, the richest in the world, is spending only 1.5% of its national income for education, whereas England, in the throes of economic crisis, is still spending 3% and Soviet Russia 7.5%.

A recent nation-wide survey by Benjamin Fine of the New York *Times* reveals the whole appalling picture of undermanned schools, over-crowded classrooms, delapidated buildings (many of them in use before the Civil War), dictatorial supervision; of teachers, especially in rural communities, so completely under the thumb of local politicians that they must obey directives as to what to wear, what friends to see, what church to attend, and when to go to bed; and finally the low level of wages ($37 a week before tax deductions as a national average, but falling as low as an *average* of $15.47 in the State of Mississippi).

The war merely aggravated what were already almost intolerable conditions. In the face of sharply rising prices, teachers' wages remained stationary all during the war years. Consequently, there was an exodus out of the teaching profession into other fields. By the end of the war this had assumed such proportions as to leave the national educational system crippled. For confronted with a constantly shrinking supply of available teachers, local communities were forced to rely on half-trained and completely untrained instructors (some of them just out of high school).

Responsibility for the mess rests directly upon the federal and local authorities. There have been surveys, reports and storm-warnings galore. The most ignorant public officials could scarcely be unaware

of the increasingly critical situation. Hence the pious outrage they display when confronted with teacher strikes is not even amusing. Nor is it possible to be either amused or impressed with the posturings of a Governor Dewey and his Committee on State Education in the great and supposedly enlightened State of New York. Their "too little, too late" handouts coupled with proposed legislation that would make New York teachers more dependent than ever on political favoritism and wire-pulling is about all that is needed to shatter whatever shreds of morale they may have left. Furthermore, the low morale of teachers is hardly likely to be raised by the fact that up for approval before the New York State Legislature (we harp on the New York situation only because that state is supposed to lead the nation in educational matters) is the Condon-Wadlin bill which, as recently amended, would outlaw the right of teachers to strike at any time, rendering those who do subject to immediate dismissal. That "friend" of the teachers, the same New York *Times* which ran the Benjamin Fine articles, declared editorially on February 25th as a result of the Buffalo teachers' strike:

> . . . the employee of the people has no right to strike. We call upon the Legislature again to state or restate this principle in law and to lay down penalties that will make it effective. . . . the Condon-Wadlin bill introduced at Albany is one way of dealing with the problem. . . . if the employee of government will not, by self-discipline and sense of responsibility, live up to his sworn contractual and moral duties, law will have to set up a conscience for him.

Gentle sentiments in relation to a rather timid group of harrassed people! But timid or not, with one courageous step taken after months and years of desperation, the Buffalo teachers, and those other groups who have been striking throughout the country, have done more to wake up this nation as to what is happening to its educational system than all the editorials, surveys, and after-dinner speeches will ever do. If anything is done to remedy the situation, it will be due primarily to the existence and use of the very right that the *Times* and the politicians now propose to outlaw!

When all is said about the responsibilities of officials and the irresponsibilities of the press, however, the basic questions remain. What kind of children do American parents want and for what kind of civilization? If they are going to be content with their beautiful little packages wrapped up in rosy-tinted flesh and more or less indifferent to what is inside them, perhaps we can cut out all this nonsense about the liberal arts, educating youth for democracy, etc. One and five-tenths of the national income is probably sufficient to keep an excellent system of technical schools well-staffed and running full tilt.

In a package civilization, which (it may be argued) is the most suitable one for our atomic age, it is evidently the "know how" not the "know why" that counts.

Tovarisch Tepliakov Tips His Hand

Even those who remain skeptical of the value of the tragicomedy that is running currently at Lake Success, New York, must admit that while most performances are pathetically boring and trite, there is an occasional scene worth the tax-payers' money. Such instances occur usually when one of Mr. Molotov's aides departs for a moment from the tight-lipped reserve that passes for profoundity in Russian diplomatic circles. These instances are as rare as they are precious and rewarding. Generally, they are passed over in embarrassed silence by those magazines that try desperately to maintain a front of liberalism despite their basic commitment to a totalitarian philosophy. It is always a shock to pseudo-liberals, who evidently believe that the way to reduce a high fever is to throw away the thermometer, whenever a Russian spokesman spills the beans.

Tovarisch Tepliakov, delegate of the Soviet Union, has done it again! At a recent meeting of the UN Human Rights Commission which was considering a list of rights and freedoms to be proposed for incorporation into an international bill of rights, Tepliakov said: "Freedom to resist oppression. What does it mean? What is the definition of oppression? It requires elaborate discussion." He then proceeded to urge deletion of the following concepts from the list:

The rights of life, of personal liberty; prohibition of slavery and compulsory labor; right to petition national governments and the United Nations; non-retroactivity of penal laws; right of property and prohibition of unlawful expropriation; freedom of movement; and freedom to resist oppression.

According to Tepliakov these rights are either superfluous, beyond the present power of the UN to lay down, or they impinge on local law and customs of national states.

Certainly the rights enumerated impinge considerably upon the laws and customs of Tepliakov's country. Apart from the right of property, they are, in fact, exactly those which being lacking in the USSR forces us to describe the Soviet regime as a police state.

Better minds than that of Tepliakov's have been trying to explain away this fact. A recent book on Soviet philosophy says quaintly: "The

Soviet citizen would not wish to be free from the society in which he lives. He does not want to be let alone by the State." Thus the Soviet state with its NKVD never oppresses—it merely *obliges*—its citizens!

Tepliakov, however, has no love for subtleties. He says simply: "Two hundred million peoples of the Soviet Union are living and enjoying human rights as proclaimed by the Soviet Union." This 200,000,000 apparently includes the 10 or 15 million who are now enjoying the blessings of the Russian constitution within the prison stockades and concentration camps of Siberia.

The Soviet constitution is in many respects a most admirable document. Unfortunately, it bears about as much relation to Soviet reality as the Atlantic Charter probably will bear to the peace treaties that are now being concluded. It does not suffice any more to wave away inquiries as to the facts by reference to the constitution. Between promise and performance, lies a wide gulf.

In an attempt to clinch his arguments, Tepliakov finally launched into a rather pretentious explanation of the relations between the individual and the community: "We are living as individuals in a community and society, and we are working for the community and society, and the community and society are providing materials for existence." Now what this rather heavy-handed amateur philosopher is seeking to do here is to try to both merge and confuse two basically divergent concepts: the State and Society. It is a characteristic of the totalitarian spirit to equate the State with the community. In the ideology of Italian Fascism, German Nazism and Stalinism there is no theoretical limit to the power of the State. The State embraces the whole of society. No corner remains in which unhampered and spontaneous life might develop. All sectors of society are viewed as well-ordered cells, the sole glory of which lies in the fact that they are parts of the all-powerful, all-embracing State which alone has dignity in its own right. The parts are nothing; the whole is everything. This is a kind of zoological view of society. Not only the individual but also every social institution has no value as such, their dignity being derived completely from their contribution to the greater glory of the State.

Tepliakov has graphically illustrated the abyss that exists between the totalitarian ideology of Stalin's Russia and the promise once embodied in the Russian Revolution. In those early, heroic days, Lenin and others talked about the "withering away of the state"; Tepliakov's (that is Stalin's) concept is aimed at the withering away of the individual.

BRITISH EXPERIMENT ON TRIAL

EDITOR'S NOTE: The British economic crisis, of which the immediate coal crisis is only one manifestation, is of such import, not alone to England and its empire, but also to the world, that we are publishing two articles on the subject under the above general title. They were written independently and no attempt has been made to "co-ordinate" them. To have done so might have eliminated some repetition, but at the same time would have destroyed some of the effectiveness of presenting the complete picture from two points of view.

IF ENGLAND CAN PLAN AS WELL AS SHE ENDURES . . .

H. N. Brailsford

Once more, when night falls, the streets of English cities are in darkness, as they were during the war. Under the grey skies, in dingy offices men are working by candlelight as they shiver; for between 9 a.m. and noon and again between 2 and 4 p.m., they are forbidden to use electricity either for heating or light. The supply of coal to industry is cut to half the normal allowance over the greater part of England, while electric power is supplied only to industries classed as essential. More than a quarter of Britain's factories and foundries stand idle for lack of coal or current.

During the seven years that preceded this crisis, unemployment had been almost unknown in this island. Suddenly the negligible totals of workless men and women have shot up to two millions. During the great slump, they never rose above three. And this catastrophe, caused by a shortage of coal, has befallen us under a Labour Government, whose proudest achievement has been the nationalisation of the coal mines.

H. N. BRAILSFORD is a veteran English labor and socialist journalist who has been contributing for years to American, European and British periodicals. He was formerly a leader of the Independent Labour Party and editor of its paper, *The New Leader*. His two most recent books are *Subject India* and *Our Settlement With Germany*.

Let us clear that misleading association out of the way. Nationalisation has nothing to do with this misfortune. The Act came into force only on the first day of this year. Its material benefits, due to re-organisation and re-equipment can operate only gradually over a period of years. The psychological effect was visible at once. The hoisting of the national flag on New Year's Day put new heart into the men and output rose steeply during the first three weeks of January. And then came disaster in the shape of the longest and severest spell of Arctic weather which this country has experienced since 1894. All means of transport were affected. Snowdrifts blocked the roads; the signal points of the railways were frozen; ice blocked the northern harbours from which a fleet of colliers sails back and forwards to supply the needs of London; the Thames was draped in fog and across the sea road towards the North a furious gale drove the ice packs. 'Round the pitheads in motionless wagons the coal accumulated for which all England was waiting.

The fact had now to be faced that the stocks of coal stored during the summer as a reserve for winter were wholly insufficient. Year after year during the war, the level of this reserve had dropped. When the real test came with the snows of January, the discovery was made that the consumption of electric power was outpacing all the estimates of the experts. There is, I should explain, no generation of electricity from water-power in this island, save on a small scale in the Highlands of Scotland. Industry, since the previous war, has been moving steadily southwards away from the coal-fields and becoming dependent on electric power. More recently still, the housewife, who was very slow to abandon the open coal fire, has been converted to the use of electric and gas stoves for cooking and heating. Central heating, I should remind American readers, is still in this conservative island a rarity, to be found only in the more modern apartment houses. During the war, electric stoves were unobtainable. Suddenly as the winter of 1946-7 came on, the shops were filled with them and with other electrical gadgets as well. This was prodigal and uncoordinated planning. The consumption of electricity was encouraged, but the planners forgot to provide for an increase of its production. No additional generating plants had been procurable during the war, and much of the old plant was nearing its age limit and could not be burdened with a full load. Eager to foster export at any cost, the Government had given priority to the manufacture of generating plant for export but not for home use. In 1938 electricity consumed only 287,000 tons of coal weekly. In its estimates for this winter the Central Electricity Board

asked for 540,000 tons. As the months went on, it raised its demand three times by steep steps, until it finally stood at 720,000 tons. The gas works also were asking for more.

Emanuel Shinwell, as Minister for Fuel and Power, was doing all that a popular and dynamic leader could do to stimulate production, and the Miners' Union backed him. But no effort even of willing hands could cope with this demand. In retrospect it is clear that at the outset of winter drastic rationing of coal, current and gas should have been introduced at once. A plan was ready, for a similar crisis threatened us in 1942, but the Coalition Government shrank from the unpopularity it would have brought them. The Labour Government was no braver. It gambled on the chance of a mild winter and lost. It had, after all, some excuse. When in an hour of dire need it introduced bread-rationing, the whole Opposition, from Mr. Churchill downwards, fell upon it with unscrupulous fury. Day after day throughout this winter, the popular Tory press ran a campaign for less "austerity." The National Production Advisory Council, representing both the Trade Unions and the Employers, gave its vote against rationing.

Assuredly Shinwell was to blame for a reckless miscalculation, but other Ministers must share this responsibility. To give one example: the restoration of normal services, high speeds and night expresses on the railways was a contributory cause of the disaster. But if Shinwell blundered, no one in the Labour Party is inclined to forget his services in nationalising the mines. He is one of the few conspicuously able men among the senior Ministers. He started his career as the organiser of a militant seamen's union and entered politics as one of the most radical members from Clydeside. Veering toward the Centre as the years went on, his interest is now in the constructive work of socialism. A brilliant and witty speaker, his fault is that he is too much given to polemical debating. There is in the Labour Party a deep fund of loyalty and it does not turn against a leader for one mistake.

This emergency will be over in a few weeks, but it has served to bring this nation to a sharp realisation of the crisis that threatens its whole future and its standard of life. Coal is in the centre of the picture, because it is virtually the sole source of mechanical energy on which this island must rely. On its coal mines its prosperity and its standing as a Great Power has depended since the first days of the industrial revolution. But no industry in the capitalist world has a record so shocking, alike in ruthless exploitation and in wasteful and inefficient use of natural resources. The hottest of all our industrial contro-

versies, punctuated by a series of disastrous strikes, has raged around it for half a century. It was ripe for nationlisation after the First World War, when the Royal Commission under Judge Sankey reported in that sense and Lloyd George broke his pledge to give effect to its verdict. Through a quarter of a century, Liberals and Conservatives strove in vain by half-hearted measures of reform and control to force re-organisation upon the most obstinate and individualistic body of employers in this country. The failure of these devices was so evident that the Liberal Party was driven in the end to support nationalisation.

But the mines which now belong to the nation are, with some few exceptions, so primitive in their organisation, so ill-equipped and so costly in their working that many years will pass before they satisfy even a moderate standard of efficiency. The high cost of British coal affects the whole price-structure of our industries, especially in the competitive field of export. In quantity the output per man-year has been steadily falling, from 308 tons in 1937 to 259 in 1946. The worst effect of this mismanagement was on the morale of the men. They lived in an atmosphere of chronic resentment and suspicion and could feel no respect for the technical capacity of the owners. They lived with good reason in perpetual dread of unemployment. When their numbers fell, first because the younger men drifted into better-paid and less exhausting occupations, and then for six years as the result of conscription, they lacked any adequate motive to do their best, and a high proportion of them were too old for this strenuous calling.

This demoralisation has come to an end with the exploitation which the men resented. The drafted men are now back in the pit. But the shortage of man-power is now in this industry, as in some others, the chief obstacle to an increase in output. There are now 730,000 men in the mines and apart from replacing the normal wastage of 60,000 men, Mr. Shinwell aims at securing a further 35,000 recruits for this unpopular industry. The trouble is that the shortage is among the skilled underground workers and for their dangerous jobs training is required that may run from six months to two years. The men's union has at length withdrawn its objection to the introduction of Poles recruited from General Anders' army. Various inducements are offered to tempt young British workers—higher wages, holidays with pay and better housing—but the most effective of them will be exemption from conscription for the army. With these new recruits, Mr. Shinwell believes that he can realise his target of production for 1947, some 200,000,000 tons of coal, an increase of 11,000,000 tons

over the output of the previous year. This may be possible, for the men's spirit is now so generous that in the present emergency they volunteered in two coal-fields to work on Sunday. But in May a five-day week will be adopted in the mines and it remains to be seen what effect this will have on output. What is much more serious, this target is far below the nation's needs, if industry expands as it should. It will not allow the export of coal to be resumed, yet this had ranked in pre-war days among the chief assets in our balance of trade. It will meet our industrial requirements only if domestic consumption is drastically reduced by rationing. There is much to be said for the claim that the mines need not 35,000 but 100,000 new recruits.

Vital as coal is for this nation's recovery it is only one item in our complex economic problem. Certain main aspects of it have to be kept in mind. First, if we are to escape bankruptcy, we must expand the volume of our exports and devote to this purpose a quarter of our manufacturing capacity. Second, we must build up again our capital equipment, destroyed or deteriorated during six years of war,—houses, ships, railways, vehicles and livestock as well as industrial plant. One house in every five was damaged or destroyed by the *Luftwaffe,* and our merchant tonnage reduced in round figures from 17 to 13 millions. But we face at the same time a famine in consumer's goods—furniture, crockery, hardware and clothing. And now comes a contradiction. We ought to devote most of our resources to two basic requirements, the expansion of our exports and capital equipment. But if we neglect the expansion of consumer's goods and services, we incur two dangers. We discourage the worker who feels already that he has little incentive to earn, since there is so little he can buy with his money. The levying of income tax on wages has also had a bad psychological effect and it is now suggested that miners and others in the most essential trades shall be exempted from it. Second, if we prolong the shortage of consumer's goods, we run the risk of inflation. The Government's reckoning is that the national income, after the payment of income tax, is about £ 7,000 millions,[1] whereas all the available goods and services at current prices amount only to £ 6,000 millions. To balance that equation, we ought to encourage the production of consumer's goods, while checking any increase either of wages or profits.

But when this sound conclusion is stated, we stumble into a second contradiction. Our difficulty is not merely the shortage of man-power over the whole field: it is also that available man-power is ill-

[1]This figure of 7,000 million pounds amounts to approximately 28 billion dollars, a pound equaling approximately $4 at the present rate of exchange.

distributed. The coal mines are today the worst case. Agriculture will soon be in desperate need, for the German prisoners of war, who have filled the gap hitherto, cannot be kept indefinitely. Building will be shorthanded as soon as the present deficiency in timber and bricks can be made good. Textiles are also crying out for labour. But how are men and women to be recruited for these unpopular trades?

No one talks of reviving the repugnant device used during the war to overcome this difficulty, the compulsory direction of labour, though miners are still forbidden to seek other work. But if higher wages are offered to attract labour, and possibly exemption from taxation also, equilibrium between income and goods may be still further upset. Yet another minor difficulty has to be noted. Bravely and rightly, the Government has stuck to its decision to raise the school-leaving age this year to fifteen. The consequence is, however, that 300,000 boys and girls will be withheld from employment.

But by far the gravest question affecting man-power turns on the future of our armed forces. In 1939, on the eve of the war, there were 480,000 men in the armed forces. In December, 1946, there were still 1,427,000. The Government's long-term reckoning is that in a normal year the forces shall absorb slightly over a million men, while over 400,000 will be employed on equipment and supplies for the three services. This is a ruinously high estimate. It reflects, of course, the failure of Anglo-American policy to reach a friendly understanding with Russia. It is swollen by our disastrous record in Palestine and Greece. On the other side, there is one cheerful prospect to be noted: the British army will be out of India by the middle of next year and Egypt also is to be evacuated.

Why the British Government, in the desperate economic emergency that now confronts it, has shown so little interest in disarmament by general consent of the United Nations is a hard riddle to solve. British power cannot be maintained—if that is the aim of the Foreign Office—on economic foundations that are visibly crumbling. We cannot be solvent until we produce more and we shall not produce more while we give the armed forces priority over our civilian needs. The decision to maintain conscription in peace-time is for other reasons unpopular in the ranks of the Labour Party. Half a million young men might well be spared from the armed forces and restored to industry.

The Government has laid before the nation a frank and revealing statement of the facts in its two White Papers on the economic situation. But candid though its analysis is, the passages in which it out-

lines its policy are too vague to carry conviction. It is, to begin with, hard to believe that its target for exports can be reached this year. Imports in 1946 were cut to 70% of the total for the last pre-war year. Exports in 1946 measured against the same date line rose to 115%—reckoned, that is to say, not in quantities but in the high values of the price levels of today. Eventually, if we are to balance our trading account with the world, the Government's reckoning is that we must raise our exports to 170% of the pre-war total. Its aim is to reach 140% in 1947. But the disturbing qualification follows, that since it is hopeless to dream of exporting coal, our exports of manufactured goods must be raised in the present year to 165%. How this can be done with a shortage of coal, steel, electricity and man-power, after the loss of working time during the severe winter, it is not easy to imagine. Again, it is doubtful whether the Government is acting wisely in raising its estimate for imports from 70% to 85% of the pre-war figure. Much depends on the nature of these imports. Far too little is being imported to replace our worn-out or antiquated mechanical equipment and far too much under the head of luxuries. It was for most readers a disturbing discovery that in the import programme for 1947 only £60 millions will be spent on machinery, equipment and ships and £50 millions on tobacco. The expenditure of no less than 40% of our loan from the United States on films and tobacco is open to the same criticism.

The anxiety over our external balance of trade comes to a climax when we face the fact that according to the conditions of the American loan, Sterling must be made freely convertible with the Dollar by July, 1947. If that undertaking is carried out, the consequences may be catastrophic.

A Government which must plan the expenditure of the nation's income has to face moral and psychological as well as economic problems. How much "austerity" can a nation endure and for how many years without a break? Life may have higher pleasures than cigarettes and Hollywood films. But it can be argued that the average man must be kept cheerful, if he is to work well. One of the most deeply interesting items in the second White Paper is a table which shows in percentages how the nation's income is spent. In 1938 as much as 78% of it went on "personal consumption." This dropped to 54% in 1945. One cannot say that the Government is too indulgent when it proposes that in the second full year of peace (1947), the nation may be allowed to spend 66% of its income on "personal consumption," a phrase which covers food, shelter, clothing, heat and light as well as the

modest luxuries of the common man. But in our economic plight the figure may none the less be too high. To my thinking, the estimate for defence, 11% as against 7% in 1938, is also too high and the allowance for capital equipment and maintainance, 20% as against 16%, decidedly too low when one recalls the scale of losses that have to be made good.

Behind all these problems of planning, moral and economic, there lies the perennial social question in a new and baffling form. In both these documents a Labour Government is appealing to the British working class to forego the momentary advantage it may seem to enjoy, because labour is a commodity in short supply. It is asked, in other words, to behave with patriotic self-restraint, to forget the class struggle and to act as though ours were already a socialist society. Though the references to wages are exceedingly vague and brief, their tendency is clear. "Any further general increases in wages and profits must be accompanied by a corresponding increase in production." The same principle is invoked against the demand for more leisure. "The nation cannot afford shorter hours of work, unless these can be shown to increase output per man-year." But the most emphatic appeal of all is for more production and the abandonment of all restrictions on output. This is sound common sense. If this country fails to reach a balance in its external trade, the result will be a permanent drop in our standards of life, from which the workers will suffer as heavily as the middle class. The same thing is true if the spiral of inflation gets into motion.

The restrictive practices of the Trade Union have their origin in the fear of unemployment. The danger against which the workers must protect themselves was, however, wrongly diagnosed as "over-production." It was rather "under-consumption." Today the danger of unemployment comes more certainly from under-production, especially in such basic industries as coal and steel. The caution that led to the adoption of restrictive practices has gone far in many trades to demoralise the men and to rob them of all joy and pride in their work. That has been one of the ugliest consequences of the capitalist system. There can be no excuse for its survival in a nationalised industry, such as coal mining now is and transport and electricity soon will be. The Government does well to plead with the unions to abandon this negative attitude. But is it yet able to guarantee that the owning class, which makes a scarcity and calls it "wealth," will also abandon its restrictive practices? In plain words, will there be no limitation of output by the employers in order to ensure high prices and high profits?

For this limitation of output in the building industry, where it is at its worst, the employers are at least as heavily to blame as the men. With all its apparatus of controls, the Government has, as yet, no adequate means of imposing a policy of full production on such powerful monopolies as the chemical and the iron and steel industries. It may be that in a period of transition towards Socialism, a Labour Government, committed to gradualist tactics, can have no satisfactory answer to these disturbing questions. While it is so, the unions cannot wholly abandon their defensive attitude. The dread of unemployment will be a reasonable fear so long as the owning class has the last word in fixing prices and dictating the volume of output. But the Government has good grounds for its confident prediction that, as things stand today in England, there need be no fear of unemployment for many a year to come. Whether it can convince the workers that this is broadly true, is, however, far from certain. Too many of them have in fact lost their employment, be it only for a few weeks, as a result of faulty planning in a spell of Arctic cold. After that experience, they will be more reluctant than ever to give their consent to the introduction of foreign labour.

There is still a question that has to be faced before we can form any picture of the immediate future. How far have the disturbing experiences of this bitter winter affected the political prospects of the Government? Curiously little. Before the emergency began in the third week of January, its stock stood as high as it did at the General Election. During this interval of eighteen months, there have been many by-elections and the Government has not lost even one of them. The first effect of the crisis has been to cause a powerful and spontaneous rally of loyalty from the workers to the Government. A blunder they can forgive: they are ruthless only towards a leader whom they suspect of treachery. The second effect is to cause the Tories to thank their stars that they were not at the helm during this blizzard. They will criticise of course—that is their right and their duty—but they will not obstruct. The Government could be upset only if there were a serious split in the Cabinet or among the rank and file of the Labour Party. Of that there is no sign whatever. The "rebels," who with good reason criticised Mr. Bevin's foreign policy, are loyal and reliable socialists.

This Cabinet does not split. It may, however, do something worse: it may dodge disagreements by postponing decisions. The chatter about a coalition was too silly to deserve serious discussion. Mr. Attlee has his faults, but he is not the man to repeat Ramsay MacDonald's treason. The Tories, on the other hand, by their irresponsible criticism of ra-

tioning and controls and their call for less "austerity" have made it clear that they have nothing of their own to contribute to the solution of this crisis. The truth is, as the London *Times* candidly put it, that in the past year "there was too little planning not too much." There are, however, some decidedly weak Ministers in the Labour Cabinet. But its chief lack is in dynamic and imaginative leadership. Mr. Attlee is competent and hard-working, but his is a colourless and uninspiring personality. If he could learn the art of winning public opinion by trusting it, I should have no fear for the survival of his government. The chances are, I think, that it will live through its five years' term. There is only one misfortune that could undermine the loyalty of its working-class supporters—a prolonged spell of widespread unemployment. Privation and discomfort will not break the spirit of this patient and courageous people. It faces its economic perils today as it faced the *Luftwaffe* after Dunkirk, with its traditional motto, "England can take it!" If it can plan as well as it endures, it will emerge from its trials triumphant.

AN ECONOMY IN TRANSITION

Dudley Seers

It will probably turn out eventually that the fuel crisis saved Britain and the Labour Government. For it is, so to speak, a crisis within a crisis, a mild shock, which, by lifting a curtain on the greater and more profound difficulties which are maturing, has helped prevent a far worse breakdown in the economy.

The fundamental problem in Britain today can be stated quite simply. The nation is much poorer than it was before the war, and the working classes want a much higher standard of life. It is poorer first because a large part of the war effort was financed by selling overseas assets and incurring foreign liabilities, so that Britain is no longer a substantial creditor (if it is on balance a creditor at all); and secondly because capital equipment at home was reduced by bombing and by the failure to keep up maintenance routines or make good depreciation.

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The working class gradually lost confidence in its born rulers through the successive experiences of unemployment, "appeasement" and early war disasters. Its vote at the 1945 General Election showed simultaneously its lack of confidence in the ruling classes and its determination to obtain a larger share of the national product. "Cradle to grave" social security was to be provided, working-class homes were to be built, food subsidies were to continue, holidays with pay were to be instituted, free schooling was to be provided for all children up to age 15, the country's basic industries were to be nationalised. Among more distant prospects were fine modern homes with refrigeration and central heating (a vision which is to some extent a legacy from the G.I. invasion); a 40-hour week; free schooling up to 16; etc.

In short, British labour demands the standard of living of the highest paid American workers, and yet national resources are lower than pre-war.

This demand represents the fruition of a social change that has been gradually ripening under the surface of British society for decades. The superficial impression made by Britain in the earlier years of this century on the American visitor was of a rigid caste system which was widely and uncritically accepted. Upper-middle-class life, which is what the American visitor usually encountered, seemed to him to have a certain ease, spaciousness and toleration, which were not to be found everywhere (for illustration of this attitude see *The Life and Letters of Walter Hines Page*). While such life was not luxurious, it was fairly comfortable; and as a way of life it was not wholly without merit.

But despite its seeming serenity, there were grave weaknesses in the socio-economic structure on which this way of life rested. The apparently endless time at the disposal of the well-to-do was made possible only by exploitation of labour as sharp as almost anywhere in the world, and based on a narrow concentration of property-ownership. The hostess' careful attention to her guests' requirements depended fundamentally on the fact that maids could be hired for the equivalent of two to three dollars a week. The fire lit on one of the long summer evenings, more for aesthetic effect than for warmth, was an extravagant waste of resources permitted basically by the fact that hundreds of thousands were sweating their lives out in the coal mines for an average of about three dollars a shift. Both these wages in their turn could not have been so low but for the volume of unemployment, which created a "buyers' market" for labour.

It was gradually becoming apparent to acute observers before the last war that the working class was ceasing to acquiesce in this organisation of society. Sporadic risings such as the General Strike, the Naval Mutiny at Invergordon, and the Hunger Marches, indicated the underlying pressure. Even the taxi-drivers and the personal servants of the rich were starting to show a novel cynicism. Possibly universal free education was at last bearing fruit (the Socialist chauffeur, Straker, in Shaw's *Man and Superman,* who despised his master Tanner on cultural grounds, was becoming a commoner type than was generally realised). Whatever the reason the workers no longer "knew their place," as the snobs still put it.

The war, with its "political truce," camouflaged this process; and at the same time, by forcing the newly-stirring workers into the rigidly undemocratic structure of English military life, greatly accelerated it. Wages rose, and with them workers' savings, while most of the *rentiers* spent part of their capital in the effort to maintain living standards in the face of rising taxes and prices. So the economic basis of the caste system was also undermined.

England is in fact undergoing a radical transformation, and its present problems result from the failure of economic organisation to keep pace with economic, social and political development. The forces which did in a manner regulate the economy before the war, and produce a recognisable order in society (albeit an inequitable one) have been removed: the new techniques of planning, which are to take their place, are only being gradually developed and spasmodically applied.

The operation of the profit motive has been partly suppressed by price controls, raw material allocations, development licensing, etc. Unemployment no longer provides a spare pool of labour (an "industrial reserve army" as Marx aptly termed it), nor does its threat constitute at once the basis of industrial discipline and a check on transfers out of unpleasant occupations. Income tax that rises rapidly to a "standard rate" of 45% (which applies, for example, to all the income of a married man over about $1,500) has an admittedly disincentive effect.

Meanwhile the increase in working-class incomes, combined with the subsidisation of basic foods and a firm ceiling on rents, has created an almost insatiable demand for consumers' goods of all sorts. This demand is prevented by controls from bidding up the prices of all commodities, so that an equation between supply and demand (and an inflation) could be achieved by the operation of market forces.

The amount of control is not uniform however. Some industries have much greater freedom to purchase materials, choose their markets, and arrange their price lists, than do others. The result is a fairly plentiful supply of goods in some sectors of the economy, but varying degrees of scarcity elsewhere. Metal domestic hardware is readily available: clothes are still strictly rationed. The gambling industry is swollen to a record level of business: hospitals are so short of staff and accommodation that there are waiting lists for operations.

This lack of industrial balance is really at root due to maldistribution of labour, and the solution is fairly obvious: to steer workers into basic industries which are inadequately manned to fulfil their essential roles. Since direction of labour is unthinkable (politically, if for no other reason) this must be achieved by allowing substantial wage-rises in undermanned industries, and in other ways increasing their attractiveness amongst possible sources of employment. The present wage-structure was produced by years of unemployment, being but slightly modified by the war. It bears little relation to the sort of structure that would provide a balanced economy under long-period Full Employment, for in the absence of unemployment the classical economists' pet doctrine of equality of net advantages between occupations must come into its own. Given the rigidities in the economic structure, and the distorting forces at work, this structure could only be achieved by a series of deliberate decisions on wage-levels, which would add up to a national "wages policy."

But here the Government comes up against an institutional obstacle—the trade unions. Whether administered by the Government or by the Trades Union Congress, a wages policy involves not only wage stabilisation in the adequately manned industries, but also the co-ordination of wage claims by unions, and therefore some loss of union autonomy. The proposal of a wages policy, though warmly debated at the last annual conference of the full T.U.C. and commanding substantially minority support, is still considered too radical a break with union traditions. Yet no other adequate method of curing the serious maldistribution of labour has been proposed.

Parallel with redistribution of labour, Britain needs a master plan covering all resources, so that there is no waste of materials or foreign exchange in unessential production. There is no other way of satisfying the masses' demand for a life above the poverty line. In an economy subject to strong inflationary pressure and with essentials rationed, purchasing power tends to overflow into the unrestricted, luxury industries. Wage stops alone cannot prevent their expansion, and direct

controls are also needed. If a master plan were adopted, some industries would have to be closed, at least temporarily, until the country could afford them once more; in others production would be "concentrated" in a few efficient firms (a wartime practice now abandoned); and others again would be prevented further recruitment.

Apart from the opposition which drastic planning of this sort would arouse amongst interests affected (including unions), the Government has been obstructed in adopting such planning measures by the vigorous "anti-austerity" campaign which the Opposition has been waging in the press and in Parliament, as well as by the traditionally empirical one-step-at-a-time approach of British Labour to administrative problems. This campaign against "austerity" found a certain response in a public already tired of wartime shortages, and ready, in some cases, to believe that present restrictions were due to "bureaucracy," "doctrinaire Socialism," and so on, instead of to the aftermath of war, the difficulties of achieving a juster distribution of the nation's goods, and, on the contrary, to a deficiency of "bureaucracy," which is, as elsewhere in the world, a Conservative synonym for planning. In such a political climate, the importance of which was possibly over-emphasised, the Government did not resist the pressure for some relaxation of controls and resumption of luxury production.

A large sector of the economy, and a growing one, is under direct Government control; and it is particularly important, as part of a master economic plan, based on social priorities, for the Government to keep as few people as possible out of productive employment. It is increasingly widely felt that there is at present a lack of balance between the size of the armed forces and the rest of the country's manpower. The White Paper on Defence announces the Government's intention to reduce the present strength of the forces (about 1,400,000) to 1,087,000 by the end of March, 1948. Even this is a high level for peacetime—it is more than twice that of June 1939, when there was an immediate threat of Nazi aggression—and it is almost certainly too high for an impoverished country desperately short of productive labour. By draining the economy of men, it may even be on balance weakening the country's "military potential" for total war. Its reduction would further liquidation of imperial commitments. Perhaps the greatest need though is for higher production throughout the country's industries. This could lessen, and partly obviate, the difficulties involved in changing the existing allocation of resources between industries. A higher national output would make possible the quicker

satisfaction of working-class demands without the political difficulties inseparable from further rapid "squeezing" of middle-class standards.

Yet in raising production too the Government comes up against deeply-rooted difficulties. The most formidable is the still-present fear of unemployment, for this prevents workers giving their support to a drive for higher output, or their approval to many of the schemes for rationalisation, mechanisation, and "payment by results." The Great Depression, correctly interpreted as due to relative over-production, is still taking its toll, for its memories are, even now in a chronic labour shortage, causing workers to "spin out" the job.

A further damper on enthusiasm for a production drive lies in the very nature of "private enterprise." The political development of the workers has partly been due to a growing understanding of the nature of the exploitation of labour, and a corollary to this understanding is a realisation that higher output benefits the employer as much as, possibly more than, the worker. Indeed the more clearly an operative sees the *political* necessity for higher output, in the Government's interests, the more is he likely to be inhibited by such *economic* considerations. Experience with the coal mines, where productivity has risen some 5% with the achievement of national ownership, suggests that nationalisation is the only real answer. But private enterprise is likely to continue in charge of many industries for some time, and so long as it does, there is no complete solution. A closer identification of each worker's interest with the Government's, and a wider appreciation of what the Government's interest in a higher national product is, may however partly offset this brake on output.

The significance of the fuel crisis is that it has revealed in miniature the problems of the larger general crisis, and done so sufficiently clearly and sufficiently painfully for misunderstanding to be difficult.

It is obviously why electricity had to be cut off—because coal stocks were too low for the power stations to withstand any transport dislocation caused by bad weather, and they were too low because coal production had been insufficient and coal consumption excessive in 1946. The very queries raised in people's minds by the crisis, in other words by the failure of production to cover consumption, were such as to help remove the above-mentioned obstacles to an economic policy appropriate to Britain's problems:—

Why was production too low?

(1) Mainly because the number of miners has fallen from nearly 800,000 pre-war to under 700,000. Obvious solution: To get recruits by making the industry more attractive, i.e. a wages policy.

(2) Because over-all productivity had fallen from 1.17 tons a man-shift to an average of 1.03 in 1946 (largely due to the increasing average age of the labour force, and the lack of maintenance and development during the war). Solution: A drive to raise output.

Why was consumption too high?

(1) Because non-essential industries were allowed too large supplies, considering the national coal shortage. Solution: Closer control over coal allocation to industry, and temporarily more "austerity."

(2) Because electric fires were produced in large numbers, which was quite unjustifiable in the present shortages both of coal and generating plant. Solution: Tighter central planning, to prevent a disproportionate growth of production between different industries.

(3) Because domestic consumption of electricity was running at record levels. Solution: Some form of restriction, i.e. "austerity."

In a more general way, too, lessons were learned. Unemployment had obviously been caused by under- not over-production (and, which will sound strange to Keynesian ears, by over- instead of under-consumption). This is of course due only to the inflationary pressure in the economy, but another breach has been made in the psychological defences of the workers against a production drive. The country's vulnerability, its slender safety margin, not only in coal, but in other commodities too, has been shown, for many sorts of stocks were almost wiped out in the absence of a few weeks' production. The recent emergency has therefore underlined the need for economising in the use of labour, whether by increasing output per head of those already employed, or by reducing the numbers in non-productive employment, such as personal and military service.

Another result has been the consolidation of the Labour movement. As soon as the crisis developed, and the terrific press barrage against the Government opened, there was a general mobilisation in support of the Government. Previously, with a two-hundred majority in the House of Commons, it had not seemed credible that the Government might be defeated. In the first week of February, the formation of a Coalition, with all that this implies, became a possibility, even if only a faint one. The greater worker loyalty to the Government, and the stronger feeling of responsibility shown in the voluntary efforts of the miners and railwaymen, may remain. It is clear from the analysis of the general crisis that economic administration is being to some degree frustrated by personal fears and sectional loyalties among the working-class. To the extent that these fears and loyalties have been lessened by the temporary fuel crisis, institutional opposition to the policies which can alone end the long-term general crisis has also been reduced.

Before the fuel crisis broke the Government had been preparing its "Economic Survey for 1947," which it has now issued as a White Paper. This Survey, sometimes referred to as the "Morrison Plan," describes the distribution of the country's labour force which must be achieved by the end of this year if certain objectives (for Defence, Exports, Capital Investment, Consumption and Public Services) are to be achieved. Direction of labour is explicitly rejected as a means of achieving this distribution, and the White Paper admits that material and price controls "cannot by themselves bring about rapid changes or make very fine adjustments in the economic structure." To solve the problem by unemployment is ruled out by the Government's Full Employment policy. The only positive suggestion on this crucial point is the rather wishful suggestion that "events can be directed in the national interest only if the Government, both sides of industry and the people accept the objectives and then work together to achieve the end." So a "wages policy" is the only solution left—and in that rather narrow sense it can be said that the White Paper "recommends" such a policy. It does in fact suggest this solution for mining in a section probably inserted after the recent breakdown ("The policy of the National Coal Board is to make the industry attractive enough to draw the necessary number of recruits," a policy already being put into practice).

Direct central planning, other than a series of "objectives" worked out by the Government for achievement by voluntary cooperation, is not among the Government's intentions. Here again, however, the White Paper provides much ammunition for those demanding a more positive economic policy. The inflationary pressure is often mentioned, as is the likelihood of it drawing resources into unessential industries. ("The danger in our present situation is that there is so much we want to do and so much that seems important that too little effort will be concentrated on the things that are really vital.") But no "master plan" is proposed to avoid this, and the Government sees a measure of defeat as in fact inevitable ("the shortage of the most important manufactured consumers' goods . . . will necessarily continue"); though the need for central direction comes clearly out of almost all of the 36 pages.

So does the need for reducing the inflated size of the armed forces, in as much as almost every page stresses the shortage of productive manpower. Tables show that military service alone among the nation's industries has increased its numbers substantially since before the war. It is possible that the reader is meant to infer that a wages

policy is needed, but it is most unlikely that he is also intended to draw the obvious conclusions about planning and a reduction in military commitments.

The need for higher production is however expressly and frequently stated. The White Paper mentions particularly the need for industrial peace, for mechanisation, for "systems of payment and other arrangements that provide the maximum incentive to increase output," for not having shorter hours of work "unless these can be shown to increase output per man-year." Elsewhere the Government has given its blessing to joint production committees of workers and employers in each firm. In this field, where policy needs are perhaps the most obvious, the Government cannot be accused of failing to give the necessary lead, even though some of these recommendations run directly counter to ideas still current at Transport House (the T.U.C. headquarters).

What form is the general crisis likely to take in the future? There may be minor crises in railway transport, because of the shortage of rolling stock, the poor condition of the permanent way, and the increased traffic (now 25% above pre-war); or in electric supply, whose expansion is limited not only by the coal shortage but also by lack of generating capacity, so that as demand rises the present "deficit" of 1.4 million kilowatts will increase inevitably to about 1.7 million in the winter of 1948-9, despite an extensive programme for equipping the industry. Steel, too, will remain in what the Economic Survey describes as "precarious balance." Any of these "bottlenecks" may cause another partial breakdown in the economy—unless the Government manages to avoid such clearly charted rocks.

But the really dangerous crisis is expected to be caused by a shortage of foreign exchange, in particular dollars. The British balance of payments is not as seriously out of balance as it might be, considering the huge and still incomplete conversion to a peacetime economy. The import surplus is likely to be about £350 millions in 1947. But the drain on the dollar credit may be much larger than this. One reason is that with nearly half of Britain's imports coming from the Western Hemisphere, which takes only one-seventh of her exports, the nation is running large adverse balances with the United States and Canada. The export surpluses Britain has with countries in Europe and Asia cannot be offset against these dollar deficits (which is how Britain balanced her payments with the Western Hemisphere before the war), because her customers are mostly unable to make payment in dollars.

To make matters worse, under the terms of the British-American Loan Agreement, Britain is compelled to make sterling freely convertible into dollars from one year after ratification, i.e. from next July, so that any country which sells to her can demand payment in dollars. She is likely therefore to run through the remaining $2½ billions of the credit fairly rapidly, perhaps exhausting it in 1948—unless the United State Government releases her from this convertability obligation.

The situation would then be very serious, for Britain depends on the United States not only for food but also for raw materials to keep her industries going. British exports to America will by no means be enough to pay for essential imports (especially if there is an American depression), and the rest of the world will not have recovered sufficiently by then either to make their own currencies convertible into dollars or to supply Britain with food and materials. The only other possible solution, another dollar loan, would be difficult to frame in such a way as to be politically acceptable to both countries.

This crisis can be clearly foreseen, and it is already causing a good deal of apprehension in Britain. To lessen its impact, export industries need to be more fully manned (coal, for example, used to be the most important British export), which cannot be done without making these industries by a wages policy more attractive. Higher productivity would improve their prospects by lowering costs. Goods costing dollars should only be imported if they are essential (and all imports will be potential dollar consumers after July). Up to now, according to a recent statement by Dr. Dalton, the Chancellor of the Exchequer, Britain has spent more dollars on films than on machinery, and nearly as much on tobacco as on food and materials added together. The armed forces overseas are also responsible for spending much valuable foreign exchange.

The necessary planning of trade to avoid a balance-of-payments crisis will become more difficult when the International Trade Organisation, British support for whose charter was one of the terms of the Loan Agreement, comes into operation, for then the Government will not be able to use many of the usual defensive techniques to prevent certain foreign goods from entering the British market and costing us foreign exchange (by raising tariffs, imposing quota restrictions, etc.). The British dollar problem will therefore be made more acute by premature multilateral trade, and it will also be harder for the Government to choose between possible imports according to their eco-

nomic priority—"commercial considerations" instead are to decide what Britain imports.

The dollar crisis, which is now virtually inevitable, is likely to reveal the same basic pattern of problems as did the fuel crisis, because it is the pattern of the underlying general crisis. This general crisis is essentially one of maldistribution of labour, due to inflationary pressure, which has partly the transitory cause of post-war investment needs, and partly the fundamental cause of a new income pattern, operating in a semi-controlled economy. The prospects of the general crisis being cured deliberately, instead of causing a series of secondary crises, are growing, for increasing numbers understand even if only vaguely its nature and the outlines of its remedy. Each minor crisis, and each major Government statement (though not always intentionally) makes the situation more obvious.

The institutional and political obstacles to the solution are being gradually demolished by a changing public opinion. Britain is learning, not without some mistakes and setbacks, how to replace the centuries-old regulator of the economy, the profit motive, by social welfare, operating through a new distribution of income and a new set of administrative techniques. If she manages to achieve this transformation and still leave the basic liberties intact, she will have made a not inconsiderable contribution to political progress.

LIMITS OF TERROR

Josef Guttmann

Totalitarian terror did not disappear with the fall of the Nazis, unfortunately. Much of the world is still in the grip of dictatorships ruling ruthlessly through the military and secret police. In some of these, the totalitarian regime is not yet perfected and legal opposition still exists. But the days of such opposition seem numbered.

Will the struggle end when all such legal opposition is suppressed? Is effective resistance possible under a totalitarian regime once it has consolidated its power? Are there limits to the efficacy of modern terror? These questions are scarcely less pertinent today than when Hitler's legions were on the march. They will become of academic interest only when and if dictatorial rule is eliminated everywhere.

The heretofore secret files of the Nazi administration in the occupied countries, now open for study, throw some interesting light on these questions.[1] The Nazis introduced, both in Germany and in the Nazi-occupied countries, a system of mass terror, "scientifically" devised and organized with true German thoroughness. They had ample resources and an immense organization for their purpose which was to "liquidate" all "undesirable elements" and to degrade the rest of the population to the status of obedient slaves.

Some observers believed that their methods were so efficient that opposition became impossible. Certain facts, such as the breakdown of all anti-Nazi organization in Germany for example, tend to justify this conclusion. (Another case in point, though in a different relationship, would be the disappearance of organized opposition in Russia after the Moscow trials.) Other experiences, however, mostly from Nazi-occupied countries, prove that broad resistance movements not only can hold out for years against the most cruel totalitarian persecution,

[1]The Nazi documents mentioned in this article are in the archives of the Yiddish Scientific Institute (YIVO), 535 West 123rd Street, New York, N. Y. I wish to acknowledge my thanks to the Institute for permission to quote from them.—J. G.

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but also are able to strike back at the enemy and contribute to his final defeat.

We are now in a position to cite a vast amount of documentary evidence from Nazi sources showing how widespread and effective this resistance was in many countries and how it mounted continuously despite the studied application of terror. Formerly top-secret Nazi documents now available admit the failure of terrorism. We are able to name and quote verbatim German officers and administrators who attempted to discover why totalitarian terror did not "pacify." Voices, we now learn, were raised at the height of the persecutions by the persecutors themselves criticizing terroristic methods as unwise, even foolish.

The critics belong to three general categories. First were the officers of the *Wehrmacht* who spoke of the SS men and Gestapo with contempt. They had sufficient reason even from their point of view. The brutalities of the Gestapo and SS contributed to the popular unrest which increased the difficulties of reinforcing and supplying the German armies in the field. The SS men lived comfortably in the hinterland while the officers and soldiers shed their blood at the front. Beside these factors was the ever-present, underlying contempt of the old officers' caste for the Nazi parvenus. These officers were not against terror. They merely wanted it applied in a "rational way."

The second group of critics came from the ranks of the officials in the propaganda offices. They faced the difficult task of winning over at least segments of the natives of the occupied countries for what was termed "the common fight against Bolshevism and Plutocracy." It was necessary for them to tell the people that the Nazis were their "friends and protectors." But how could this propaganda succeed with new atrocities being committed every day, every hour? The cry arose from their ranks: "Slaughter and terrorize if you please, but don't do it so conspicuously."

The third and weakest voice of protest came from the camp of the native collaborators. They sensed their isolation and popular hatred mounted against them with each new crime of the invaders. Moreover, the Nazis frequently failed to distinguish between "loyal" and "rebellious" members of "the slave race." They killed "loyal" Poles, Ukrainians, Lithuanians, sometimes by mistake, sometimes because they simply did not care. So the humble voice of the collaborators implored: "Kill, please, but make sure first *whom* you kill."

In analyzing the motives of the critics it would be a mistake to exclude the possibility that humanitarian considerations also entered

into some of these protests. But such reasons could not be mentioned, in fact they had to be expressly denied. There is no room for pity in totalitarian regimes. Anyone who harbors such sentiments is himself ripe for "liquidation." Thus the critic begins his complaint with the assertion that he has no moral objections whatsoever against deportations, killing of hostages, extermination and similar "necessary measures." He argues only that he wants such measures applied more efficiently. These assertions, in some cases, may not be true, but even those who were against atrocities in some special instance felt obliged to condone them generally in order to survive.

Before quoting the critics, however, it is necessary to stress the fact that the acts of terror they complain about were not "accidental blunders." As insane as they may appear even from the viewpoint of a rational exploitation of the occupied countries, there is logic in their madness. The totalitarian process, once in motion, cannot stop halfway. Each successive step of oppression provokes resistance; resistance provokes sharper punishments; new acts of terror drive new groups of the population to desperate opposition. The point is reached ultimately where the "negative" consequences of sharper measures outweigh the "positive" results to be achieved by them.

In many countries, the Germans first tried the policy of the iron hand in the velvet glove. They came ashore in Norway with printed instructions informing them how to conduct themselves in order to avoid giving needless offense to the native population. They refused at first to hand over even the semblance of power to Vidkun Quisling. In Denmark they left the administration in Danish hands and permitted free parliamentary elections. In the Baltic countries, they announced they had arrived to liberate the people from the Russian yoke and kept alive autonomous governmental units of native composition. In many countries, they attempted to create autonomous administrations of "loyal" and "respectable" native citizens. But all of these administrations failed. German pressure from above was exceeded by popular pressure from below, and the native administrators became "unreliable." Many officials of the Norwegian Administrative Council of 1940, of the Danish Government under the occupation, of the first Protectorate Cabinet in Czechoslovakia, etc., became secret leaders of the resistance, sometimes also agents of the Allies. Such bodies were forced to make way, therefore, either for plain Quislings or for direct German administration.

The consequences of the quisling procedure are eloquently described in the first of our documents, a report of Dr. Scheler, head of

the Political Propaganda Division in Goebbels' Propaganda Ministry, dated February 23, 1943:

> The worst mistake, especially in Germanic countries, is that the High Commissioners think they have to export national-socialist ideology. In Norway, Holland, Belgium and Serbia, we have so-called national socialist movements which in reality represent only a collection of scoundrels and traitors. If there are some decent people in these organizations, they don't play any important role and have no visible influence. . . . The decent part of the population, who are true nationalists, refuse to negotiate with us or to accept German ideals, because, although defeated, they are still at war with us.

To avoid the use of Quislings, the German administration had to take over directly. The consequences of this alternative are described in Dr. Scheler's memorandum:

> The whole political and propaganda work in the occupied countries is futile because we cannot say anything about the future of these countries. . . . It is difficult for the people to tolerate, after three or four years of waiting, a military administrator or a Reich Commissioner who interferes with the whole political life of the nation and decides all questions. And if we, in addition to that, make the greatest blunders and mistakes, we cannot be surprised that 80-90% of the population is against Germany.

In either case dissatisfaction and resistance grows; reprisals follow. At the start reprisals are directed against the "guilty," the active fighters for liberation. But this vanguard is protected, at least in a passive way, by the whole population, and therefore difficult to trap. Since it is impossible to catch and punish the guilty, the next step is to persecute the innocent. Hostages are seized and it is broadcast that they will be shot if new "crimes" occur. They occur, of course. If the reprisals against hostages were not now carried out, the resistance would conclude it was all bluff and grow bolder—at least so reason the invaders. So they shoot the hostages. We turn again to Dr. Scheler:

> Among those greatest mistakes we count the taking of hostages and their execution. The handling of the Polish question, which drives a whole nation to desperation, is a warning example. If a nation gets the impression that it does not make any difference whether one collaborates and remains neutral, or whether one fights against Germany, because in either case one will be shot anyway, then there comes a time when the whole nation is ready to rise against the occupation power. In Norway, Holland and Belgium, we are well on the way to creating the same situation.

Dr. Scheler is not alone in sounding a warning. A lengthy study of the same subject was prepared by *Ministerialdirektor* Dr. Taubert also of the Propaganda Ministry. It was sent to the Under-Secretary of the Ministry in October, 1943, is entitled "A Confidential Report on

the Reasons for the Murderous Attempts in Minsk and Rovno," and deals with the following events.

One summer day (1943) a bomb exploded in a German office in Minsk. The authorities arrested and executed all the inhabitants of two streets. Only employees of German offices were exempted if they had their credentials with them. If not, they were shot too. A White-Russian girl who worked in a German office showed her credentials and was about to be released, but she was with her mother who was not employed by the German administration. She inquired if her mother would be shot. "Certainly," was the answer. The girl refused to leave her mother's side and was executed. This wholesale reprisal was announced with posters which stated that the Commissioner General for White Ruthenia had ordered the executions.

Two weeks later the Commissioner was killed by his White-Russian servant girl who had worked in his family for years and was considered completely reliable. In Rovno, an official of the Office of the Reich Commissioner for the Ukraine was shot down in the street at noon. Two subsequent attempts were made on the lives of German officials by Ukrainian nationalists.

Dr. Taubert attempts to analyze these events, opening his memorandum with the usual denial of humanitarian motives:

> It is self-evident and need not be stressed again that I don't criticize the measures in Minsk because they were radical and tough. The toughest measures are good and right if they really lead to the political aim intended. . . . But we must doubt this is the case.

Shooting of hostages, he continues, can be recommended only if the persons to be shot are related to the perpetrators of the "crimes" either through direct family ties or through membership in the same political organization. Only in such cases can it be expected that the rebels will be deterred from further resistance through fear of what will happen to the hostages. But if the "criminals" lack close ties with the hostages, shooting the latter does not accomplish anything. Rather, it turns those who might have remained neutral into implacable enemies of the Reich. Dr. Taubert then comments specifically on the shooting of the collaborationist girl who had chosen to die with her mother:

> Let us remember that this is not an exception: such cases occur every day and every hour. These are tragedies which freedom-loving nations used to commemorate in their folk songs which mobilized generations for a people's war against their "oppressors."

But the most astonishing part of the document is Dr. Taubert's

summation of the psychological reaction of the average inhabitant of Minsk to the reprisals:

> Even if I remain neutral, if I work well for the Germans, if I refuse to have anything to do with the other side, it is only a matter of chance whether the Germans shoot me or not. If the Bolshevists throw another bomb, I may be shot by the Germans in "reprisal." So, even though I am neutral and working for the Germans, I am in grave danger from their side. Since I don't want to be shot without reason, I had better join the partisans. Remaining with the Germans, I am in danger from both sides; if I go to the partisans, I remove the danger from their side at least. Also if I remain with the Germans and manage to survive now, I will be shot by the Bolshevists when they return. If they don't return, the Germans will shoot me sooner or later anyway. To stay with the Germans, therefore, means sure death. Joining the partisans offers at least a possibility of survival.

Dr. Taubert has here described correctly the limits of efficacy of mass terror. If even "good behavior" does not insure survival; if obedience entails greater risk than fighting back, the system of terror has reached its limits. Dr. Taubert is mistaken, however, if he believes it possible, once terror has been set in motion, to avoid reaching the point where it is bound to fail. If broad masses are prepared to resist, even passively at the beginning, such a point is certain to be reached sooner or later. The attempt to submit the whole of Europe to totalitarian rule led *inevitably* to these consequences.

The population of the occupied countries in Eastern Europe witnessed terrible atrocities committed against the Eastern European Jews who were practically exterminated. Some writers seem to believe that this paralyzed the resistance. Our documents fail to support this hypothesis. In a report dated February 15, 1943, Dr. Prause, an official of the Propaganda Ministry, writes:

> There are rumors that Poles will suffer the same fate as Jews whose treatment is well-known to everybody in the Government General.... Our propaganda formula: "Poles are like Jews" cannot be used any longer, because information about the well-known fate of the Jews is spreading through the grapevine. If these rumors persist, the Poles will reach a state of mind where hope will have vanished.... The Security Police assert that the situation is well in hand. But the Chief of the Warsaw Security Service amends this declaration with the remark that a spark can ignite the accumulated explosives at any moment.... Seventy-five hostages will be shot in Warsaw this week. But we have to be cautious with reprisals because of fear that they will bring about counter-measures of resistance and we shall ultimately create a situation in which reprisals will reach their limit, if we don't want to drive all Poles to a desperate fight.

We know that the Germans *did* drive the inhabitants of Warsaw to "a desperate fight": first the Jews in the Ghetto, later the Poles in

General Bor's uprising. The logic of events could not be halted by the criticisms of Herr Goebbels' aides.

In the Ukraine, *Rittmeister* Freiherr von Richthofen, an officer of the staff of the Fourth Air Fleet, prepared in July, 1943, a report on "The Reasons for the Dangerous Increase in the Activities of Enemy Agents and Partisans in the Ukraine." He describes many atrocities committed by the Germans, especially in connection with conscription of Ukrainians for forced labor in the Reich. In passing, he quotes what officials of a German Labor Office told him in confidence:

> Since manpower is badly needed in the Reich, we have to apply stronger and stronger measures which become less and less efficient. We are more and more hated by the population, and in many districts the workers go to the woods to join the partisans instead of going to the Reich to work. . . . Generally speaking, it would be a miracle if we were to win the war in the East under such circumstances.

In a later memorandum, von Richthofen writes:

> The influence [of atrocities committed during the drive for conscript labor] on the mood of the population was catastrophic. Propaganda experts in Krivoi Rog say that originally 94% of the people were sympathetic to us, but now approximately 60% are looking forward to being liberated by the Red Army. One hears people saying: "Red terror has been replaced by German terror. If we have to suffer, let us suffer from people who at least speak our language."

A similar mood was reported from the same region by the Army High Command:

> The Soviet Government—one hears in Krivoi Rog—was not able to convert us to Bolshevism in twenty years, but the Germans succeeded in doing it in two years.

On March 29, 1943, a Ukrainian professor, Pavel Zajcev, sent a memorandum to *Ministerialdirektor* Taubert. It describes an attack by pro-Soviet partisans on a prison in Kremieniec which resulted in the freeing of prisoners. These prisoners, mostly black-market operators and some German-Ukrainians who were suspected of Jewish origin, returned voluntarily to prison after the attack. Nevertheless, the Germans began executing indiscriminately the Ukrainian *intelligentzia* of the town. Most of those executed were collaborators, among them a doctor's wife who had founded a hospital for German soldiers, and others whose nearest relatives had been deported to Siberia by the Russian secret police.

In the single village of Babin, 40 Ukrainians were killed by the Germans because three Communists had escaped from another prison.

Professor Zajcev's report concludes:

I could quote many such cases. Ukrainian newspapers often carry reports about Ukrainian village mayors, militiamen, etc., killed by Stalinist partisans for their collaboration with the Germans. But collaborators are being killed also by the Germans because the partisans steal a cow or pig. . . . I allow myself to point out these facts because they render all efforts of German propaganda in these unhappy countries futile from the outset. . . . The Ukrainian population does not believe our propaganda because the facts speak against it.

The same note is sounded more vigorously by another Ukrainian who remains anonymous because he failed—no doubt fortunately for him—to sign his complaint but who professes himself "willing to help." After describing atrocities committed by one Schiffer, German Agricultural Leader at Nikolajev, a village by the Black Sea, he states:

Thousands of propagandists in the Reich capital and in the occupied countries use tons of paper describing how the Ukrainian peasants, liberated from Bolshevism, are happy, and what happiness they may expect in the future. Germany is a civilized nation where people wear monocles and don't use two fingers to clean their noses. All that comes from Germany is good. We, the Russians, the barbarians, have to be educated.

The anonymous author then goes to work on Herr Schiffer:

This "liberator" rules on his estate with the help of a whip and a big stick, unmistakably implements of civilization and socialism. . . . We see what a Western gentleman this Herr Schiffer is and what kind of gallantry he brought to the wild East. We have to go back to the times of the Tartar yoke to find similar treatment of the people. . . .

There is no room for long talks. Such "liberators" help to create the "third front" against the German Reich and to endanger its existence and defense power. In Rovnoje and in Sacharovka itself there are Cossack detachments—the Cossacks are neither blind nor deaf. . . . If Schiffer's banditry is not an expression of the official German policy for the Ukrainian nation, the following steps must be taken immediately:

1. Condemn Schiffer and hang him.
2. Arrest all other Schiffers—there are plenty of them—and put an end to similar methods.
3. State clearly the German policy in the Ukraine and prove the truth of this statement not by words but by facts.

If this is not accepted immediately, the German lines will have to be shortened many times. The Schiffers will decide the outcome of the war and the fate of the German people.

Our anonymous Ukrainian was an able prophet. The breakdown of Nazi rule in the occupied countries is by no means to be explained on the basis of mere defeats at the front. After 1943, German rule in many of the occupied territories in the East was confined exclusively to the cities. Even there the situation was so tense that German civilians did not dare to venture into the streets without arms.

A remarkable incident occurred in Warsaw, that throws considerable light upon the general situation. Robert Ley was about to visit that city for a conference with high Nazi officials. The itinerary of his trip was a closely guarded secret. A high officer, however, carelessly left a letter dealing with preparations for it in a motor car parked on the street in Warsaw. The letter disappeared, and the trip was cancelled when Ley's train was already between Berlin and Posen.

On October 21, 1943, *Ministerialdirektor* Taubert reported:

> *As known,* the *whole* of Wolhynia is in the hands of partisans. It is strange and surprising that these partisans are not Bolshevists but exclusively Ukrainian partisans (nationalists, followers of Bandera and Melnik).

The next day a cry for help came from the German District Commissioner for Vilna-Countryside:

> In Vilna-Countryside, we approach those conditions of insecurity . . . we had in White Ruthenia in January and February, 1942. . . . The inhabitants don't report the presence of bands, because these bands are much stronger than the personnel of the German administration, police and other bodies. The attempts on our staffs, explosions, night shootings . . . have substantially increased. The bandits chase our agricultural leaders . . . and toll officials. . . . The native administration in 60% of district centers is scarcely able to work any more. Mayors, secretaries, etc., are being shot one after another by partisans. The resignations of the remaining officials arrive in batches. The agricultural output declines. Some district administrations have already announced their retreat to Vilna. The highways are heavily mined. . . . Some months ago, we had to surrender important parts of White Ruthenia, and as similar conditions prevail here now, we can expect failure to fulfill our tasks in the spring of 1944.

Later a similar collapse occurred in Poland. In August 1944, after the Warsaw uprising, the Chief of the Reich Propaganda Office in Posen sums up the results of the Nazi occupation policy thus briefly: "That our policy in the Government General is one hundred per cent bankrupt, nobody can deny."

We discover, therefore, that the Nazis themselves came to realize and admit the complete failure of their system of mass terror. It did not pacify the territories of the defeated nations. On the contrary, it finally drove all "neutral" and "co-operative" people into the camp of the resistance, forced them to fight back desperately and effectively, disorganized the German hinterland and contributed more than may ever be generally realized to the final collapse of the Third Reich.

SOCIALIST OR MANAGERIAL REVOLUTION?

Leon Blum

EDITOR'S NOTE: This article appeared originally in French as a preface to James Burnham's The Managerial Revolution *which has just been published in a French edition. It might seem rather late in the day to publish an appraisal of Burnham's thesis in this country even by so eminent a figure as Leon Blum were it not for two factors. First, the questions raised by Burnham in* 1940 *with publication of his book remain just as vital today as they were then. Second, Western Europe, too, had its iron curtain all during the war years and to deny Europeans their say on these matters merely because, through no fault of their own, they may be a little late in saying it, would seem to be a grave injustice. It is extremely important, moreover, that we hear what they have to say. Re-establishing lines of communication in the post-war world is a technical problem that is not too difficult to solve. The establishment of mutual understanding will take longer. This article, as our readers will realize, involves some extremely controversial questions. The brief article by Kurt Schmidt, also in this issue, likewise deals with some of these problems. Other views will appear in subsequent issues. In translating Leon Blum's contribution, we have eliminated a few passages which were relevant in introducing Burnham's book to French readers, but which were unnecessary to Blum's thesis.*

Socialist theory has sought—particularly within the last thirty years or so—to differentiate between political revolutions, such as those which occurred in France during the nineteenth century, and the Social Revolution. Both are culminations of attempts to gain and hold power. The former, however, seek to alter governmental institutions

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LEON BLUM has been for many years the outstanding leader of the French Socialist Party (SFIO). He headed the Popular Front governments of 1936-8. Following the fall of France, Blum was imprisoned by the Vichy authorities and later deported to Germany. He spent several years in Nazi concentration camps. After his release by American troops, he again assumed a leading role in the French Socialist Party. He became premier in the French government that preceded the present administration of Paul Ramadier.

while the latter would transform the basic relations governing production and ownership. Seizure of power by the working class, even as result of a successful *coup de force,* would not constitute a Social Revolution, according to this view, if it failed to end the present system of production; that is, unless it destroyed capitalism and established socialism, the distinguishing characteristic of which is collective management of the means of production.

According to this concept of the Social Revolution, the task of demolishing capitalism merges with that of building socialism. One of the most basic conclusions to be derived from Marxism is that the same causes which lead to the destruction of the former determine the creation of the latter. Once capitalism had been eliminated, we Socialists always imagined, socialism would come to power in its wake by a process of automatic succession, much as a living King of France always immediately succeeded the dead King. Death of the old society and birth of the new appeared to us as a single consummating act. We believed, in short, that once capitalism was destroyed, socialism would inevitably replace it.

Against this conviction, most deeply engrained in socialist thought, James Burnham raises his voice with disconcerting audacity in his book, The Managerial Revolution.[1] He proclaims that the present social order, based on private ownership of the means of production, on the laws of profit, free initiative, free competition, wage labor and, as a consequence, the division of society into antagonistic classes, is ending. He considers, in fact, that the present order is wounded mortally, incapable of being justified either morally or from the standpoint of material efficiency. The most orthodox socialist can scarcely object, or add, to the nine-point indictment of capitalism which appears at the end of Burnham's third chapter. This indictment seems to us now as more or less of a post-mortem. Burnham is convinced, as thoroughly as any socialist, that capitalism is doomed; but he denies that socialism will replace it automatically. He believes that the death of capitalism in no way implies the rise of socialism, or, to use the formulation he prefers, socialism is not the "only alternative" to capitalism.

But Burnham is not content with mere refusal to accept socialism as the necessary successor of capitalism. He states that given the present situation with the sum total of knowledge available, the substitution of socialism for a defunct capitalism is a highly improbable hypothesis. He goes even further, in fact, declaring that analysis of the present

[1]*The Managerial Revolution,* James Burnham, The John Day Company, Inc., New York, $2.50.

situation permits us to discern the outlines of the probable successor to capitalism. This is not socialism but rather what he terms "the managerial society."

Burnham's whole performance is staged, as is self-evident, with a keen flare for drama. We are warned that within a relatively short time (fifty years at most) capitalism will have ended its agony and the entire civilized world will be under the yoke of an economic and social regime whose nature and very name were formerly unknown to us: the Managerial Society.

The transition from capitalism to the managerial society will constitute the Managerial Revolution which will take possession of the world stage in lieu of the Socialist Revolution.

How can we fail to be anxious to know our fate? What is this Managerial Revolution? What will the Managerial Society be like? It is in his answers to such hypothetical questions that Burnham fails, perhaps, those whose curiosity he has so artfully aroused.

I shall not attempt to refute that part of Burnham's argument which is designed to demonstrate the impossibility of the Socialist Revolution. The reader would be correct in doubting my impartiality. On my part, I confess that I doubt Burnham's. Orthodox socialism, or, if one prefers, democratic socialism as it has been defined since 1918, or since the founding of the Communist International, clearly does not enlist Burnham's sympathy. But one has the right to demand equity and I cannot term "equitable" the short resume of socialist history between the two wars presented in the second part of the chapter entitled, "The Theory of the Proletarian Socialist Revolution."

My primary objection to Burnham's treatment is that it fails to take into account the division created within the European socialist and labor movement by the Communist International. Above all, he neglects the implications of the systematic tactical offensive against democratic socialism by the C.I. waged over fifteen years in all European countries. But I do not wish to enter more deeply into this controversy. Rather let us proceed to an examination of Burnham's discovery. He states that the managerial society, capitalism's heir apparent, is already (to use Marxian terminology) developing within the shell of the old social order. What is the basis of this assumption?

Burnham bases it on a certain number of indices—all, he claims, in mutual accord with one another—derived from both economic and historical analysis. Modern production methods, on the one hand, bring in their wake a technical apparatus of growing complexity, all elements of which are interdependent and which can be managed

efficiently only by an elite which becomes ever smaller. As this process accelerates, the control of the managers over production becomes tighter and tighter. In most instances these managers are not owners of, or stockholders in, the enterprise. They are not financeers who furnish capital and manipulate shares. They are not even business agents. They are the technical chieftains who make the enterprise run, who regulate and coordinate the multiple cogs in the machinery, who keep their hands firmly on the controls.

In all modern nations, in America as well as in Europe, economic evolution forces the state to assume ever greater control over, and even direct management of, production. It makes little difference in this respect whether the enterprise is private or whether it is nationalized. The managers may be representatives of a private company or of the "public." In either case their role and function in production are the same. Their power over production will increase constantly. With increase of power, awareness of power also increases. A feeling of solidarity mounts among the managerial elite. They become more and more inclined to utilize their power to the full and in their own interest, to preempt for their own benefit an ever increasing share of the wealth produced.

Thus, with the further development of this economic trend, the managers emerge as a class. They develop their own form of class consciousness, class interests and privileges. Finally, when capitalism breaks down—and let us not forget that Burnham is convinced it will break down—private ownership will be abolished. Owners, shareholders, financeers, business managers will all disappear. But not the managerial class. Not only will its power fail to be abolished; it will, on the contrary, be indefinitely increased, being no longer hampered by capitalist ownership or by the capitalist state, since the management of production will have become synonymous with the "management" of society itself.

The managers will remain as a homogenous class, endowed with power to determine at will the means of selection necessary to insure their perpetuation as a class and in a position to increase constantly the privileged share they take from production. Thus the Revolution (the Managerial not the Socialist Revolution) will have been accomplished—a revolution without benefit to the masses, since it means simply change in masters.

Such is the schema which, in the economic field, provides the basis for Burnham's predictions.

In the field of history, on the other hand, Burnham assumes that all the partial mutations that have occurred since World War I fit into his thesis. His documentation rests primarily upon the technocratic movement and the New Deal in the U.S., on German Nazism and on the Leninist-Stalinist revolution. He demonstrates how in the U.S. and Germany the managerial regime could find living space within the confines of capitalism—a system which the New Deal encouraged to continue and which Nazism did not destroy insofar as legal ownership was concerned. He shows how the managerial regime arose in Soviet Russia out of the ruins of capitalism, how it has become capitalism's heir, and thus has provided a full-scale and exact model for future managerial revolutions.

When Burnham wrote his book in 1940, an examination of the economic and social regime of German national-socialism provided him with weighty arguments indeed. (It should be noted in passing that Burnham, who has been honest enough to change nothing in his original version, believed in 1940 that victory by Hitler was possible and even went so far as to indicate that Germany might well become dominant in one of three great power blocs—American, European and Asiatic—which would share between them the "managerial universe.") The indices drawn from the Nazi regime, of course, have since lost their convincing force. This is not true, however, concerning those he draws from the Russian Revolution.

Despite the material losses that the USSR has suffered, Russia has emerged from the war not only intact but with increased power. She has passed the severest test of history. Her domestic structure has not been modified in any important respect. Private capitalism was destroyed in Russia at the outset of the Revolution and there is nothing, according to Burnham, that would lead us to conclude that it is being restored in any form. If socialism is the *only* alternative to capitalism, as Marxists would have it, then, simultaneously with the destruction of capitalism, a socialist regime should have arisen automatically. Such a regime is characterized by Burnham as an internationalist, democratic, classless society. But he emphatically rejects the notion that the Soviet regime possesses any of these characteristics. The Soviet Union, he declares, is neither democratic nor internationalist. What is more, it does not even tend in this direction. Nor does it represent a classless society since "there is a stratification in power and privilege which exceeds in degree that to be found in many capitalist nations," and since there exists in Russia "a systematic class exploitation on the basis of the state owned economy."

This privileged class is precisely the class of "managers"; that is, the solid phalanx of Soviet functionaries, technicians and higher bureaucrats which scarcely existed prior to the Revolution and which has grown in numbers and prestige during the revolutionary task of construction. At present this group wields exclusive control over production, and the masses, reduced to passive obedience, lack any means of participating in this control. Since this managerial group is all-powerful because of its exclusive control, it is able to appropriate under various guises and with various rationalizations a lion's share of distributed products which is equal or superior to capitalist surplus-value. Utilizing an article by Leon Trotsky published late in 1939 and "based on a careful collation and analysis of statistics published in the Soviet press," Burnham states that "11 or 12 per cent of the Soviet population now receives approximately 50 per cent of the national income. The differentiation is sharper than in the U.S. where the upper 10 per cent of the population receives about 35 per cent of the national income."

Masters of the State, controlling production, the instrumentalities of which belong to the State, levying its toll on the wealth produced, the managerial class has surplanted the bourgeoisie as a ruling class, both in its power and privileges.

The Soviet regime has often been called "state capitalism." Burnham does not relish the term, nor do I. It is equivocal in relation to a fact of utmost importance: the destruction in the USSR of private capitalist ownership. To apply the words "state capitalism" to the Soviet regime is a contradiction in terms since appropriation of the instruments of production by the State does not carry with it two of the essential characteristics of capitalist property; i.e. the productivity of capital independent of the work or profit of the individual owners and the right of indefinite transmission from individual to individual through inheritance. In using the term "state capitalism," we are employing it actually to describe a regime in which the State would have appropriated all, or part of, the means of production through purchase (amicable or forced) or by eviction, without, however, appreciably altering the relations between wage-workers and the employer-state from those that prevailed previously between worker and private employer. Individual ownership and individual capitalist profit would have been eliminated wholly, or in part, it is true, but the worker has not been emancipated. The laws of wage-labor still enchain him. He has merely changed masters. In this sense, the Soviet regime, as char-

acterized by Burnham, and also the managerial regime as he conceives it, would be forms of state capitalism.

Burnham seeks to prove that capitalism can be destroyed without socialism arising to replace it. If one grants his analysis and accepts his generalizations, the conclusions which may be drawn seem to me to be different and less dramatic than those reached by Burnham. My formulation would be simply that *it is possible to destroy capitalist property relations without destroying capitalism.*

Capitalism is not destroyed if the revolutionary mutation has no effect other than to substitute for the privileged property of a certain number of individuals, the privileged ownership of a group or number of groups. Shifts of this nature have occurred within capitalism as a result of an evolutionary process, individual capitalist property being replaced by collective capitalist property. Such collective property, whatever may be its initial form, tends to create advantages for its collective owners similar to those that capitalist surplus-value confers on individual owners, including rights of inheritance. In such cases, private capitalist property has disappeared. Agreed. And this without the appearance of socialism. Agreed. But the reason is that capitalism has not been wholly destroyed.

To phrase the same idea in more general terms, capitalism is not completely eliminated if suppression of private ownership of the means of production *permits the continued existence of the economic and social relations as a whole that capitalism has engendered*: wage labor, authoritarian forms of management, basic inequities in the distribution of the wealth produced, the preemption of profit independently of work performed. I would go so far as to say that capitalism is not wholly destroyed if elimination of private property fails to eradicate those moral relations that have developed under capitalism. I refer here to the hierarchy of conditions and tasks which is translated into inequality in all forms of human relations.

All the descriptions, interpretations and predictions of Burnham refer to cases or hypotheses that present these characteristics. We are no longer dealing with integral capitalism since private capitalist ownership has been eliminated in these instances. But capitalism has not been completely destroyed since collective capitalist ownership survives. Such a regime is not capitalist in the ordinary sense of the word, but it is also evidently not socialist in the usual sense of that word either. It is socialist in the sense that there are no longer individual capitalists; it is capitalist in the sense that a residue of capitalism still remains. It would become socialism automatically if the destruc-

tion of capitalism were completed. If the capitalist residue was removed, socialism, the unique alternative once capitalism has been completely abolished, would then appear.

Thus I arrive at the conclusion that the managerial regimes of Burnham, far from constituting a definite type toward which all society is evolving, is at best an "intermediate type," a transitory phenomenon, a passing stage in the development toward socialism.

I doubt exceedingly that these regimes will stabilize themselves permanently, and, above all, that they will become general. But even if this were to be the case, what would be necessary to change a managerial regime into a socialist regime? What corrections, what transformations would be required?

Granted that the direction of planned production with modern technological techniques requires an elite of "managers." In order to move toward socialism, it is then necessary and sufficient that this managerial elite be recruited without favoritism, nepotism, or exclusiveness. Selection for every post in every generation must be determined on the basis of individual merit and social usefulness. Despite Burnham, who sometimes indicates he holds the contrary view, Socialism has never advocated uniform remuneration for all types of labor. Socialists would condemn privileges of managers, insofar as privileges might accrue, as attributes of power, over and above normal remuneration, just as they now condemn capitalist surplus-value. "Normal remuneration" means remuneration that corresponds to quality of work, output and the collective value of the product. In order to move onto socialist grounds, it is necessary and sufficient that normal differentiations in remuneration be not so sharp as to harm the working masses or to impinge in any important way upon a general equality in working conditions, living standards and mores.

Granted that production (particularly modern production) requires discipline. For socialist purposes, it is necessary and sufficient that discipline be based not on hierarchical obedience, but is of a voluntary character, arising out of the interest and participation of each worker in the common task and his initiation into all the problems of management. This, in a different way than equal remuneration, would answer the deep-felt human need for equality.

If we suppose these changes accomplished, then the managers become merely individuals who have been delegated responsibility in indispensable and essential office because they are worthy and only for so long as they are considered worthy. They would no longer constitute a social caste or class. As an entity, they would possess neither

the characteristics, coherence, permanency, or privileges of a class. The capitalist residue would have been eliminated. We would have entered a socialist era.

All this can be summarized in one sentence. In order to turn Burnham's managerial regime into a socialist regime, it is necessary only to introduce democracy. Once capitalist private property has been destroyed, the free play of democracy is necessary and sufficient to extirpate the residues of capitalism, to prevent the rise of both collective capitalist property and a privileged class of technical experts, to reserve for the masses their legitimate share in control and management of the means of production, and to insure to collective labor its essential equalitarian character.

Finally, my outlook is opposed to Burnham's because my prognosis is different from his—or, to state it more fairly, different from the one he held in 1940—regarding the future of democracy. It is my opinion that the democratic instinct, the human need for democracy that in so many ways conforms to the exigencies of personal conscience, has emerged from the battle that the totalitarian powers and ideologies have waged against it with an intensely renewed vitality. I think that the democratic aspirations of socialism and also its international aspirations are at one with the "interior" demands of modern humanism. I believe, therefore, that once private capitalist property is eliminated, as the final act of a process that Burnham concedes and proclaims, society will emerge on a socialist plane. I believe that the "managerial societies" that may emerge meanwhile during a period of confusion and transition will more or less speedily evolve toward socialism because of a kind of law of democratic attraction. Perhaps even in Soviet Russia, which Burnham considers the archetype of the managerial societies to come, this transformation has already begun without our noticing it.

I wish to express my appreciation to Burnham because he has forced me to scrutinize once again ideas with which I have lived so long and so intimately that I had lost the habit of approaching them in a critical spirit. After this test, however, and despite shocks that were at times rather violent, I feel myself unshaken in the adherence I gave them. I feel even clarified and fortified with respect to one idea which is particularly dear to me; that is, my conviction that the revolutionary transformation of the regime of property and pro- indispensible condition for the liberation of the human personality. This, indeed, is *the* end, the final goal of Socialism.

FREEDOM AND BUREAUCRACY

Kurt Schmidt

Modern production has an unavoidable tendency to become hierarchical in organization. It appears that a hierarchy of specialists at all stages of production and control cannot be avoided in the foreseeable future. Qualified persons are scarce, and we live in a world in which most goods exist in inadequate quantities. It is inevitable therefore that the members of this hierarchy will receive higher income than the mass of the population. This will be true both where capitalist property still exists and where it has been eliminated.

We must recognize this. It is a mistake to fight against it fundamentally, for such a struggle is against reality and against reason. If a political organization struggles against this tendency, it turns into a political sect which history and the development of society will bypass. The problems on which a socialist party must take a position are:

Must such a hierarchy *inevitably* become an independent, potentially hereditary class, not subject to any social controls?

How is effective social control of this hierarchy possible?

I believe that these two questions embody the crucial problems of socialism today. We are dealing not with idealists or unselfish angels but with human beings who will always, whether in need or superfluity, be egoistic by nature. By experimentation and insight, we must fashion ourselves an instrument through which every individual can serve his own interests—but serve them only in such a way as not to impair the life of the community. If it is *inevitable* that this hierarchy of specialists at all stages of production and control is destined to become a new ruling class, then there is no longer any sense in talking about socialism.

A great deal is being said in Germany these days about socialization. In Berlin there is a new kind of game called "communalizing." This involves the transfer of property titles from private and corporate

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hands into the hands of the present communal administration. But socialism is not simply state ownership of the means of production. It is rather the socialization of the means of production; that is, placing production at the actual service of society as a whole with the assistance of the state. The state should not determine how the means of production are to be used; this is rather the exclusive right of society. The state is only the executive organ to carry out the decisions of society. This role of the state is not understood, for the most part, by people today. Special groups seek to conquer the state apparatus in order to rule over the people.

At present state power in Germany still rests in the hands of the victors. By means of their victory they have seized control of the state apparatus and more or less combine the legislative and executive functions in one person. For minor tasks they call upon the German authorities whom they established in office and who are permitted by them to carry on in such matters.

The means of production in Germany today are at the service of the victorious powers. They determine the nature, extent and use of production. Factory managements, economic associations and central authorities are nothing more than administrative bodies. All socialization, i.e. social ownership of the means of production, is only an illusion, since the people cannot determine how the means of production are to be used. One section of the victorious powers may now be prepared to grant to the people this right with the sole condition that the means of production must not be used for military purposes. This condition corresponds completely with the desire of the people. A socialist party should support this condition, since in the interests of the people it desires peace. If democratic socialists are to take over the responsibility of applying production to peaceful purposes, it is a prerequisite that the German people again freely choose, through their parties, a legislature and an executive. When this has been accomplished, the socialist party will again be faced with the problem of preventing the necessary administrative hierarchy from developing into a ruling class, and of discovering how this hierarchy can be effectively controlled.

It has been suggested that the hierarchy can be controlled when the standards of living and culture of the masses is sufficiently high to enable them to understand the fundamentals involved in modern social planning. I am in agreement with this, but must inquire what we are going to do until then and whether the danger does not exist that in the interim a ruling class will develop which will not permit such a

high standard of living and culture of the masses to be reached. As long as the desire to rule, to rule alone, and to establish totalitarianism exist in the world, as long as power and force prevail, the danger of the development of a ruling class is always potentially present. Hence a second answer must be inseparably associated with the first which involves the basic need for planning; namely, there must be democratic institutions. In other words, in a modern planned economy in which capitalist monopoly property has been abolished, the state form determines the class character. In undemocratic, dictatorial states a new ruling class develops naturally. In a democracy this can be prevented.

Dictatorships will always plan down to the smallest detail. Toothbrushes, automobiles, matches and vegetables will be accounted for in detail. Democracies should plan only insofar as necessary to set the boundaries for the development of the productive forces of the individual sectors of the economy. Within these boundaries, it must be left to the administrative hierarchy to determine what is the best and most efficient way to fulfill the demands set. It would be necessary to create something in the nature of a planning parliament which would then leave in the hands of the managers the fulfillment of the plans democratically decided upon. The managers, for their part, will need to be controlled by a separate control body of completely outside origin. This, in my opinion, would be socialist planning by the people and for the people. Anything less would necessarily develop into planning by the bureaucracy for the bureaucrats.

YOU CAN'T LEGISLATE MATURITY

A UNION LEADER STATES HIS CASE AGAINST THE ANTI-LABOR BILLS

David Dubinsky

The major cause for the important strikes after VJ Day was the preservation of the workers' living standards and the maintenance of real purchasing power. The Bureau of Labor Statistics has pointed out that almost 90% of those strikes were caused by disputes over wages, hours or other working conditions. The facts are that a larger percentage of the work force participated in strikes in the year of 1919, after World War I, than after VJ Day. In 1945, about 12% of the work force was involved in strikes, and about 15% in 1946. By contrast, about 21% of the workers participated in strikes in 1919.

Labor has been violently attacked for those strikes. However, few words of condemnation were leveled against industry when it conducted "sitdown" strikes to swell profits, or when big business refused to accept defense contracts until Congress passed the Tax Amortization Law. There was no such campaign against the cattle raisers who sabotaged the Government and the meat-hungry people or against businessmen who withheld their products until they were able to obtain exorbitant prices.

Anyone could have foreseen, that with the release of wartime tensions and controls, a period of readjustment in labor-management relations would occur and that some strikes would be unavoidable. Similar developments occurred in every postwar period. The underlying cause of these strikes has been and still remains the economic insecurity of the workers. And the obvious solution of that problem lies in efforts and measures that would remove or minimize that insecurity. Yet, not a single one of the labor bills before Congress is directed to that end. Instead, the proposed legislation, if enacted into

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law, would render organized labor impotent; it would prove detrimental to the best interests of our country; it would be a step in the direction of weakening our economic system; it would be a body blow to our democracy.

Let us examine the main points that are raised in the labor bills currently being discussed.

Closed Or Union Shop

The manner in which the labor movement developed in this country made it inevitable that the closed or union shop would become one of the fundamental principles and main objectives of organized labor.

Labor unions came into being to provide mutual assistance for their members and as a necessary force to combat the intolerable conditions of work imposed upon them by their employers.

From early days, the efforts of workers to join labor unions, to obtain higher wages, to reduce hours, to achieve recognition, and to better conditions of employment were stubbornly resisted and bitterly opposed by employers, large and small. The criminal conspiracy laws, the use of "yellow-dog" contracts, labor spies, agents provocateurs, strike-breaking agencies, lockouts, blacklists, injunctions, company unions—all of these are now part of the familiar history of the pattern of coercion and intimidation adopted by employers to retard the growth of the labor movement.

Today, a very large segment of American business continues to be as antagonistic to labor. Many of these employers think the time is ripe for a campaign to crush the labor movement. Through high pressure publicity campaigns, they are seeking to create the impression that labor unions are the cause of all our present economic ills. They are employing such catch phrases as "Labor is too powerful"; "Labor is a monopoly." Particularly is the fire centered on the closed shop, or any form of union security, as one of the chief sources of economic instability. As a substitute, these employers urge the open shop. They resurrect the old theory of liberty of contract under which each individual worker would have the free and unfettered right to bargain by and for himself regarding the terms of his own employment, despite the evident weakness of his bargaining strength as compared with that of his employer.

The labor movement early recognized that the union shop pro-

vides the workers employed in it with the only realistic bargaining strength with which to match the bargaining advantage of an employer. It believed that the strength of a trade union, as a collective force, could be maintained only if all workers in the plant were unified by membership in the union. It understood that every non-union employee in the shop was a real or potential menace to the common interests of his fellow-workers if he failed to join with them. The labor movement was aware that the strategy of "divide and conquer" would be applied by hostile employers to prevent unionization and to stifle or sidetrack union efforts at the outset.

The closed or union shop is neither monopolistic nor undemocratic. When a majority in a bargaining unit elects a union to represent them, it is democracy for the minority to abide by the decision of the majority and to accept the rules, regulations and principles of that union—including the payment of dues and other charges. They must be just as ready to assume the obligations and responsibility of union membership as they are happy to accept the benefits of its collective agreements. That is the very opposite of monopoly. Workers who are aware of what their union means to them demand the closed or union shop because they know that it makes their bargaining position with their employer stronger. Millions of union workers will not—as a matter of principle—work in the same plant with non-union workers. The mixed shop idea is a fallacy.

Practically all of the 380,000 members of the International Ladies' Garment Workers' Union are employed today under union shop agreements. It was not always so. From 1900, when our union was first organized, until the year 1910, it was unable to obtain any form of union security in its labor agreements. As a result our union was weak and without influence.

The ladies' garment industry gives only irregular, seasonal employment. When work was plentiful our union would be successful in organizing part of the trade. A few months later, when the slack period would set in, the workers who had joined the union would drop their membership and the union would collapse. Working conditions in the industry were intolerable. Many of the factories were located in tenement houses in slums, and in basements. Work began in the early hours of the morning and continued late into the night. Workers had to pay for electric power, for thread and needles, and had to supply their own sewing machines. There was little or no ventilation in the work room. Health conditions were unsanitary. Tuberculosis was the occupational disease. Employers who made contracts with our union

and tried to maintain decent standards in their shops often would find that they could not withstand the competition of the sweatshops. Decency resulted in bankruptcy. The members of the union who worked for decent employers often would lose their jobs and were unable to maintain their organization. When work became plentiful again in the industry, the workers had to resort to strikes in order to reestablish their union and to improve their conditions of work. The industry, as a consequence, was in constant turmoil. Neither the workers, nor the employers, nor the public benefited by this state of affairs.

By 1910, work conditions in the coat and suit industry in New York had become so intolerable and inhuman that 60,000 cloakmakers revolted and went out on strike. Only a minority were members of our union. All the workers however flocked to our union in droves. What crime did we commit when we tried to lift these masses of under-privileged workers out of industrial slavery and make self-respecting useful citizens out of them?

The employers fought the strike bitterly with every weapon at their command. They employed strike breakers, labor spies, private detectives and obtained injunctions. The public was aroused. Influential citizens attempted to persuade the employers to come to terms with the union. But the employers were adamant.

After many weeks, that strike of 1910 was settled by mediation through the good offices of the late Justice Louis D. Brandeis, then a well-known Boston lawyer. The employers finally offered a reduction of the work week to 54 hours, increases in wages and improvements in sanitary conditions. But the workers knew that these gains would soon vanish into thin air unless their union received recognition through a closed shop. The employers, however, were unyielding on this point. Brandeis proposed the "preferential union" shop as a compromise. This meant that in hiring new workers, preference must be given to a member of the union if he was equal in efficiency to a non-union applicant for the job. After much controversy on this point, the union and the employers accepted the Brandeis compromise and the famous "Protocol of Peace" was signed.

But subsequent experience proved the preferential union to be unworkable. The union workers resented the presence of non-union workers in the shops and refused to work with them, regarding them as second-class citizens. Complaints without number developed each day within the shops because the union workers demanded preferential treatment which they did not receive. The arbitration machinery, which was one of the novel features of the "Protocol of Peace," was

bogged down by countless complaints which were submitted to it as a result of this condition. The employers found that this double standard interfered seriously with the conduct of their business.

The principle of the "preferential union" shop was abandoned in 1915 in favor of the union shop which even the employers preferred. Ever since then the union shop has prevailed in the industry and is provided for in practically all of the collective agreements our union has made. The union shop contract has enabled our union to make a notable contribution in the industries in which it functions. We have not had a major strike since 1933. So far as the employers in our industries are concerned, they consider the closed or union shop provision a stabilizing influence in employer-employee relations. They agree that it makes for peace in the shop. They recognize that it eliminates disputes among conflicting groups of workers.

If the legislation now proposed had been in existence in 1910, our union would not have grown, and our industry's labor-management relations would have been blighted with strikes and controversies.

No union has ever urged Congress, to my knowledge, to enact legislation making it compulsory for employers to grant the closed or union shop. Why should Congress want to make the closed or union shop unlawful and deprive millions of workers and thousands upon thousands of employers for whom they work of the benefits which they both admit they enjoy under such an arrangement? Instead of removing a cause of industrial discontent and friction, the proposed legislation would increase it a thousandfold.

Industry-Wide Agreements

The legislation which has been proposed to prohibit industry-wide agreements unless confined to a single market area not over one hundred miles in radius, and to outlaw common action by two or more locals of the same international union within or outside of that area, is not only unworkable in practice but must of necessity create industrial conflict and strife. It is another one of those restrictions which open-shop employers and economic isolationists would like to have enacted into law as a means of rendering labor unions impotent and reducing them to the status of paper organizations.

The International Ladies' Garment Workers' Union has numerous contracts with associations of employers which cover a large number of factories scattered over a wide territory. This was not always so.

When our Union was first formed in 1900 it attempted to deal with individual employers. It found numerous difficulties. The number of shops in the industry was large, each unit was small, and each of them employed few workers. Competition was cutthroat. The Union undertook to work out arrangements with each employer separately and encountered difficulty in obtaining uniform labor standards for all shops. As a result strikes were numerous. Each employer looked for an edge over his competitor. To the extent that he obtained it, his competitor suffered.

Both our union and the employers in our industries soon recognized that this was not a sensible procedure for developing stable industrial conditions. The union found that bargaining with hundreds of individual employers for the same things was wasteful and often brought unfair results to both. The employers found that the establishment of uniform labor standards eliminated the grant of preferential treatment to their competitors. Both found that disputes arising in connection with interpretation of an industry-wide collective agreement could best be adjusted by voluntary arbitration—through the creation of a permanent impartial chairman machinery—thus insuring industrial peace during the term of the contract. No such bi-party industry court could have been established if we had to deal with each employer separately instead of on an industry-wide, area-wide or market-wide basis.

There are even more fundamental reasons why industry-wide agreements are so important. New York City accounts for more than 70 per cent of ladies' garments manufactured in America. In addition to the New York manufacturers, most of the manufacturers who are located in other markets have showrooms in New York where they display and sell their garments. Thus, manufacturers in New York, in Kansas City and in Los Angeles, in Boston and in Dallas, in Chicago and in Cleveland, are all in competition with each other. Economic reality forces the union to adopt a national wage policy to protect the workers throughout the country.

Moreover, most of the employers who are located in New York City manufacture their product in many small factories, some their own and some operated by sub-contractors. These small factories are scattered over a wide area. Through industry-wide agreements, members of our union who live elsewhere but work for the New York market, as well as those who work in New York City, are assured that work will not be shifted from one shop to another solely because of the existence of unjustified wage differentials and that an equitable

wage relationship will be maintained between workers no matter where they work in the area. In this manner manufacturers within the same market are protected against unfair competition in terms of labor costs, thus leaving them free to compete fairly on all other bases of legitimate competition.

Similarly, employers, as well as workers, in all garment centers are concerned with the kind of labor standards which prevail in any other market. Obviously, neither the workers nor their employers, in any market, would like to see preferential treatment accorded to any other market in terms of labor standards. They actually demand such assurances. Competition is thereby placed where it belongs: in terms of quality and price of the product, efficiency in manufacture, speed of delivery, etc. There is no other basis on which fair labor standards and legitimate competition can be maintained in our industry. The proposed legislation would bring back unfair competition and exploitation of labor.

The International Ladies' Garment Workers' Union is the parent body of more than 450 locals which it has chartered to carry out its objective. Many of these locals have been organized on a craft basis. Where, in the same area, there are several locals, each representing workers of the different crafts employed in the same shop, they create Joint Boards or District Councils. These are delegated bodies of representatives from such locals set up to carry out the business of common interest to all of them, such as negotiating collective agreements and administering them. Each local formulates its own proposals for inclusion in the collective agreement. Negotiations and bargaining are left to a committee of the Joint Board or District Council on which the locals have representation. The agreement must be ratified by the locals involved.

This mechanism serves well not only the membership of the union but also the employers. In the New York coat and suit industry, there are seven local craft unions who have organized a Joint Board. If that Joint Board is not permitted by law to function and the locals are denied the right to consult with each other, there would have to be at least seven contracts, each negotiated by a different local and covering the workers of the different crafts employed in the same shop. The manufacturer would be subjected to seven independent negotiations, some involving not more than one or two workers in a craft. Local unions would violate the law if, as they do now, they reconcile their own differences regarding proper labor standards or agreed upon a single set of rules acceptable to them as well as to their employers.

Moreover, employers have frequently demanded that the International Ladies' Garment Workers' Union sign the collective agreement as a guarantor of faithful performance. Our International has never hesitated to act as a guarantor because it has always been able to consult with its local unions and their membership and their Joint Boards and District Councils and because it has always been able to participate in decisions affecting the terms to be included in these agreements. But if the proposed bill should become law, the International would never guarantee the performance of a local contract in the formulation of which it could not legally take part. Without this guarantee employers may resist making contracts exclusively with local unions. Instead of industrial peace, we would have a new type of industrial strife.

Right to Strike

What I have just stated with respect to the closed or union shop and industry-wide agreements applies equally to the proposal to limit labor's right to strike. The bills before Congress would prohibit, among other things, the organizational strike and would limit the right to strike to situations where an employer is required under the National Labor Relations Act to recognize or bargain with a union.

It has now been generally recognized that economic organization is not based on the single shop and that standards of employment established by collective bargaining cannot be maintained unless they prevail in the industry generally, and not merely in some single plant. Courts, therefore, have recognized the organizational strike as a legitimate labor objective. Courts have held that "practices in a single factory can have economic repercussions upon a whole region and affect wide-spread systems of marketing." "The interdependence of economic interests of all engaged in the same industry has become common place." "A labor union can only be effective if it eliminates the competition from non-union made goods, . . . and an elimination of price competition based on differences in labor standards is the objective of any national labor organization." Such a result can only be achieved through concerted action of the members of the union. When this takes place, it becomes an illegal combination or conspiracy under the proposed legislation.

An employer may set himself up in business in a "safe" labor town, assisted by the local chamber of commerce, which locates space

for him at special rates, obtains real estate tax exemptions and other benefits and privileges and recruits workers at less than subsistence wages. Should a union be prevented from organizing such exploited workers through a strike for better conditions? Or should such an employer be encouraged by law to reap the advantages of lower labor costs to the detriment of the decent employers in the industry who have bargained in good faith with their workers?

Moreover, the provision in one of the proposals before Congress that no strike can be called "to compel an employer to remedy practices for which an administrative remedy is available under the Act" is wholly unrealistic.

Let me cite one example from our experience: Our union filed with the National Labor Relations Board in 1938 an unfair labor practice charge against a certain employer in the garment industry employing 1,300 workers in Kansas City, Missouri. We submitted proof that the employer had organized a company-dominated union. The National Labor Relations Board sustained us. The Circuit Court of Appeals sent the case back to the Labor Board for additional testimony. Further hearings were held and again we were sustained by the Labor Board. The Circuit Court reversed and suggested that its decision be appealed. An appeal was taken to the Supreme Court of the United States. It was argued in 1946. Thus far there has been no decision.

Nine years have gone by since we first filed our charge and still no decision!

In 1910, our union, although only a minority in the cloak and suit shops in the great New York market, succeeded in organizing 60,000 underpaid and sorely exploited workers through a historic strike and started them on the way towards decent, humane conditions of living. If the proposed legislation had been the law then, our union would have been powerless to act and these workers would have continued to work in sweatshops.

Restrictions On Union Health And Welfare Funds

One of the proposals, under the guise of regulating payments by employers to unions, would seriously hamper the operations of the very valuable health and welfare funds established under collective agreements concluded by various locals and Joint Boards of our union and the employers in the ladies' garment industry. Specifically it would

limit the type of benefits which may be paid from such funds; it would make unlawful the payments of vacation or unemployment benefits; it would create serious questions as to whether sick benefits could properly be paid from such funds. For violation of this law severe criminal penalties would be imposed.

There is no reason whatsoever why Congress should dictate the type of benefits which may be payable from a health and welfare fund.

Our union included vacation benefits under its health and welfare program because if it had not done so the workers in our industries would have been deprived of paid vacations. Our industries are known for the irregularity of employment. Employers are small and business turnover is large. Circumstances force workers to change jobs frequently.

Vacations granted to workers and paid for by their employer directly to workers generally depend on continuous employment in his factory. In our industries employers never granted paid vacations. Moreover, if vacation payments in our industries were made to depend on continuous employment with the same employer, a high percentage of workers would be deprived of all vacation benefits whatsoever. For, at the end of their work year and at the beginning of their vacation period, their employer may be out of business or the workers may be employed by somebody else. Our union pioneered in establishing vacation funds on a pooled principle about ten years ago. This enabled all covered workers in our industries to receive vacation benefits even if their employment was irregular.

There is no reason why such a method adopted by us to insure paid vacations to workers should be outlawed. In point of fact, the pooled principle for the payment of vacation benefits proved sufficiently workable and effective to justify its extension to other health and welfare services and unemployment benefits without resort to strikes. It is unsound for Congress to attempt to limit or prescribe the type of benefits which shall be paid from the health and welfare plans.

As a union, we have no particular philosophical objection to employer participation in the administration of health and welfare plans. We have both. In practice, we have found, however, that most employers prefer not to be a party to such administration. It is therefore surprising to see Congress insist that employers participate in such administration even if the employers feel that they do not wish to divert time and energy from the conduct of their own affairs to such a task. To compel employers by law to participate in the administra-

tion of such funds might result in a refusal to set up such funds to which otherwise they would have had no objection.

There is little doubt that the establishment of health and welfare funds by our union has had a definite and beneficial effect on the workers in our industries. Nearly 350,000 members of our union enjoy vacation benefits, are provided with sick benefits, additional benefits in case of hospitalization, special tuberculosis benefits; many of them are provided with pre-paid medical care, maternity benefits, surgical benefits, pre-paid eye examinations, and free eye glasses. Where local situations permit, clinics are set up which furnish a variety of medical services to union members.

Abolition Of The Checkoff

It is curious that the limitations on the payments to unions extend beyond the scope of health and welfare plans. The same proposals would abolish the checkoff. Even the Case Bill of last year did not go so far. It recognized the checkoff as appropriate.

It can hardly be contended that a checkoff amounts to a diversion of workers' pay without their consent. When workers join a labor union, they accept the obligations and responsibilities, as well as the benefits, of membership. Before our union negotiates a contract with an employer or a group of employers, we frame our program in the light of the membership's wishes and desires. Before an agreement is accepted by our union as binding, it is submitted to the membership for ratification. As collective bargaining agent, required by law to bargain fairly for all the workers whom it represents, the union acts properly when, for mutual convenience, it asks employers to check off dues and other union obligations. Certainly the government should not interfere.

History, it seems, is trying to repeat itself. In the years after World War I, the "open shoppers" launched an out-in-the-open drive to crush the labor movement. Now, after World War II, the same drive is again being conducted—on a wider, more subtle scale—by those who adhere to the same anti-social philosophy.

Restrict the right to strike, render organized labor impotent by curtailing the means it may employ to make its strikes effective, outlaw its necessary objectives and substitute measures must be provided either through paternalism of industry or paternalism of government!

We know only too well what paternalism of industry has meant to wage earners. In the garment industry—it meant the sweatshop. In other industries—it meant long hours and less than subsistence wages.

We know equally well what paternalism of government has meant and what in the long run it may come to imply. For example, not until 1937 did Congress enact a minimum wage law, and then it provided for a minimum of only 25¢ an hour, later increased to 40¢ an hour. Although these minimums were totally inadequate when the law passed and have become increasingly unrealistic in the light of the rising cost of living, efforts to obtain Congressional action to increase the minimums to even 65¢ an hour have proved futile thus far.

Tampering with the essential rights of free working-men, organized in free American trade unions, or attempts to weaken or destroy their influence, is a grave matter for a society that wishes to preserve its democratic substance as well as form, a society that is eager to preserve a system of free enterprise.

If some people are annoyed or impatient with some manifestations of the labor movement, if some elements in our midst are disturbed by the growth of labor's influence, prestige and power, let me remind them that in totalitarian countries there are no free unions, no strikes. But these countries are also free from democracy, free from the concepts of free citizenship, and, most certainly, free from free enterprise.

The answer to the labor problem is twofold.

First, action to make the lives of the American people economically secure.

Second, real collective bargaining such as the International Ladies' Garment Workers' Union has achieved in the ladies' garment industries. That was not easy; that did not happen overnight. It required maturity. It was achieved through education of both labor and management through day-to-day dealings in good faith over a period of years.

One can't legislate maturity!

INTERNATIONAL PRESS — AMERICA THROUGH EUROPEAN EYES

Oh wad some power the giftie gie us
To see oursels as others see us

—Robert Burns

EDITOR'S NOTE: This section of digests from the international press is a regular feature of Modern Review. *This month, however, we depart from our customary procedure which is to include foreign comment on a variety of issues. This section is taken up entirely this month by digests of articles about America by sensitive Europeans. We believe most of our readers will find it a salutary experience to learn what such Europeans think of us. We take no responsibility, however, in the case of those of our American readers who may already suffer from high blood pressure.*

An Existentialist Views America

A double issue (August-September, 1946) of the leading French literary monthly, *Les Temps Modernes,* which is edited by Jean-Paul Sartre, most prominent of the French Existentialists, is devoted solely to America. It deals with economic and social problems, with the plight of the Negro, with psychoanalysis in America, "momism," modern American art, sex in America, etc. This is certainly the most extensive presentation of America that has thus far been offered European readers within the covers of a single European magazine. Jean-Paul Sartre's introduction to the issue is one of its most interesting features.

If we in Europe (writes Sartre) are presented with a carefully established list of concepts—melting pot, puritanism, realism, optimism, etc.—which we are told holds the key to American character, we derive from it a certain intellectual satisfaction and feel it must be so. But if we take a walk along Third, Sixth or Tenth Avenue in New York at that time of day which Leonardo da Vinci said brings most tenderness to the human face, we see the most pathetic faces in the world—uncertain and seeking, eager, full of an astonished kind of good faith and with beckoning eyes. Then we realize that the most elaborate constructions are of little assistance. They may help us to understand the System, but not Man.

The System is a huge external apparatus, an implacable machine which might be termed the "Objective Spirit of America" but which people in the United States call "Americanism." It is a monstrous complex of myths, values, recipes, slogans, figures and rites. But it would be a mistake to assume that these are placed in the head of every American in some such fashion as the God of Descartes was supposed to have breathed basic no-

tions into the Spirit of Man. This complex system is not reflected in the brains and hearts of Americans, determining at every moment feeling and thougths that are its complete expression. It is rather something "outside" that is "offered" the citizens. The most skillful propaganda offers it incessantly, but always merely "offers." It is not this spirit that is *in the citizens* but rather *they that are in it.* They fight against it or they accept it, overcome it or choke on it, suffer it passively or re-create it constantly in their daily lives, swim with the stream or make furious efforts to struggle out of it. In any case, it remains exterior to them, transcendent, because they are *men* and it is a *thing.*

There are the great myths—happiness, progress, liberty, triumphant motherhood, realism, optimism—and there are the Americans who are nothing, who move among colossal statues, trying to find their way as best they can. There is the myth of happiness supported by those slogans which hold you in their spell, telling you to become happy as quickly as possible; there are the films with a "happy end" which every evening show tired multitudes a rosy life; there is the language full of optimistic expressions—"have a good time," "enjoy," "have fun," etc.,—and then there are those men who even in their most conformist felicities are pursued by an obscure uneasiness they cannot name, these men who are tragic because of their fear of the tragic, because of the total absence of a tragic element within themselves and around them.

There is this collectivity which is proud of being the least "historic" in the world, proud never to complicate its problems by inherited customs and acquired rights, proud to appear virgin before a virgin future in which everything is possible. And then there are the blind gropings of so many who have lost their way and who attempt to lean on tradition and folklore; the films that present American history to the masses and which, lacking a Joan of Arc of Kentucky, a Charlemagne of Kansas, exalt them with the story of Al Jolson and George Gershwin. There is the Monroe Doctrine and isolationism, the disdain for Europe and the sentimental attachment of every American for the land of his birth, the inferiority complex of the intellectuals in the face of European culture, and the obscure and slow efforts of a whole nation to obtain a grip on world history and to assimilate its patrimony. There is the myth of equality and the segregation practised by the great hotels of the Atlantic seaboard which inscribe over their portals, "Forbidden to Jews and Dogs," and those Connecticut lakes in which Jews are not allowed to bathe; the racial order among whites in which Slavs are assigned to the lowest rank and the Dutch, who immigrated as early as 1680, the highest. There is the myth of liberty and the dictatorship of public opinion; the myth of economic liberalism and those gigantic combines that embrace the whole continent, those corporations which in the end belong to nobody and in which everybody from top to bottom works as if he were a functionary in state industry. There is the respect for science and industry, the positivism, the maniacal love of gadgets and the sombre mood of the *New Yorker* which caustically pokes fun at mechanized civilization and at those hundred million Americans who satisfy their need for the miraculous by reading "comics" about the fantastic exploits of Superman, the Wonder-Woman and Mandrae the Magician.

There are the thousand taboos which

forbid love outside of marriage and the used rubber devices that litter the back courts of co-educational colleges; those cars parked in the evening with lights extinguished; those men and women who drink before sleeping together in order to "sin" in drunkeness and without memory.

There are those neat and extra-proper houses, those apartments with their radios, easy chairs, and pipes in proper cases—paradises; and then there are the lords of these apartments who after dinner, leaving chair, radio, wife, pipe and children engage in solitary drinking at the bar across the street. Nowhere else does one find such a gulf between men and myths, between life and the collective representations of life.

An American said to me one day, "Each of us is afraid of being less American than the other fellow." I accept this explanation. It proves that Americanism is not simply a myth that skillful propaganda drives into skulls, but rather that every American re-invents it for himself every gripping minute of the day. It is simultaneously a gigantic exterior form that stands at the entry of the Port of New York opposite the Statue of Liberty and a daily creation.

There is the anxiety of every American in the face of Americanism. There is an ambivalence to his anxiety as if he were continually asking himself both, "Am I American enough?" and "How can I escape from Americanism?" Every man in America is himself, in his own being, a simultaneous answer to these two questions, but every man must find *his* answer for himself alone.

Two Views From Britain

Discussion that followed the last U.S. coal strike provided the London *Economist* (December 21, 1946) the opportunity to speculate on the evolution of Democracy and Discipline on the American scene:

The founding fathers relied on the commonly accepted disciplines of an homogenuous people speaking the same tongue, attached to the same principles of government, professing, with variations, the same religion, schooled in similar customs, and tempered by a long war fought for the specific purpose of establishing themselves as an independent nation. To these bonds were added common state-supported schools which generation after generation of children attended to learn the lessons of that heritage.

When, despite these barriers, factions arose, they were to be given more liberty rather than less in the expectation that competing factions would subdue each other and save the state unnecessary intervention. The system of checks and balances which was set up within a free society developed into a multiple webbing of crossed interests that broke only when war split the North and South apart, and was mended afterwards.

As late as 1907, the commonly accepted ideal was expressed by Elihu Root who told students at Yale that self-control was the primary discipline on which self-government must depend. "And that requires intelligence," he continued, "so that the true relation of things may be perceived, and also the moral qualities which make possible patience, kindly consideration for others, and capacity for loyalty to certain ideals. Men must be willing to sacrifice something of their own individual interests for the large interests of city, state and country; and without that interest successful popular government is impossible." These ideals have never de-

parted from the American consciousness.

But meanwhile disintegrating forces were also at work. Habitual standards of personal as well as national self-discipline came under attack. The common heritage was diluted by a century of unrestricted immigration on the part of very different peoples from those who had founded the nation. Well-meaning plans for schooling the newcomers in the American way proved inadequate in the face of industrial demands for brawn without concern for brains or loyalties. Immigrants settled in small colonies of their own, bound together in their turn by their common heritage. Untouched by the strange life around them, they hardened into monolithic growths within the body politic which could be exploited by an ambitious leader. The "old Americans" resented the new ones, and in 1920 put up bars against immigration which, while making them feel safe, also made them feel guilty.

The bonds of common education weakened. The ruling theory in the 18th and 19th centuries trained students in Greek, Latin and the Bible to give them not only a common basis of reference in literature, but also in the theory and practice of government. But as early as 1900 classical education had become too rigid, too removed from the realities of a burgeoning industrialism. It was tossed out of the window in favor of a departmentalizing of knowledge and a new ecclecticism which filtered through the school system. At the top this produced men intensively trained in one field and intensely ignorant of others. At the bottom it resulted in a rash of "experimental" and "progressive" schools which had little in common except a belief in the ultimate genius of a child if unhampered by any discipline. "Papa knows all," said the Victorians. "Papa knows nothing," said the children of the Edwardians, and proceeded to set up within the state artificial substitutes for the home-made disciplines and security which their parents had carefully abolished so as not to interfere with their free development.

Into this welter of conflicting indisciplines came the further disintegrating forces of Fascism and Communism. "Thus," as the young Clemenceau observed long ago, "on every hand political and social difficulties arise. But the people of the United States have a peculiar faculty for adjusting themselves to circumstances and learning by experience, suddenly changing their course and thus nearly always disappointing prophets of disaster."

What is happening now is a new change of course, the start of another attempt to remake American democracy in terms of a new age. The strains of increasing industrialism, growth of labor factionalism, the continental dislocation caused by strikes, the contact in international affairs with men trained in other kinds of disciplines, have made Americans newly aware of what they prefer to forget—that democracy on the American pattern is not the chosen form of government in the rest of the world, and that if it is to survive it must not only satisfy its citizens, but prove itself capable of standing against outside competition.

The reorganization of Congress last year is one evidence of progress. The kind of questioning aroused by the coal strike is another. The crisis passed, but there is widespread realization that the intervention of the law as invoked by the Government was a step backward and that other disciplines and other mechanisms must

be marshalled for the future lest the courts be tried too far.

Two other lines of procedure start further back, but may prove more far-reaching. One is the new emphasis on the need for increased support for the social sciences so as to counterbalance over-emphasis on the physical sciences. The other is the quiet revolution that seems to be taking place in higher education.

The University of California questioned forty-seven colleges about the changes they planned to make after the war, and found the great majority intent on increasing emphasis on general education at the expense of specialization. "This trend," says the California report, "is the direct reversal of the drift which has dominated higher education in America for more than a century."

Harvard, Princeton and Yale have all issued reports that reflect the same general trend. Yale affirms what must sound heresy to some of its staff — that "knowledge, for all its convenient departmentalization, is essentially one piece, as is the life which supports knowledge." Princeton takes as its guiding principles the "two-fold belief in the unity of knowledge and the diversity of human beings." The atomic bomb is making itself felt, along with the Soviet Union.

The London quarterly, *The Round Table* (December, 1946) carries an article, "Some Thoughts on the United States," which abounds in shrewd observations of the American scene. We quote only from one section of this article sub-titled, "A Mercurial Race."

The bright sun, the extremes of heat and cold, the stimulating air have created a race more mercurial than those bred under the less brilliant skies of north-west Europe. The American temperament goes up and down at the same pace as American thermometers. American civilization indeed presents to the foreign observer a fascinating mixture of color, ebullience, extravagance, vigor, waywardness, unpredictability, weakness, nervousness, idealism, imperialism, freedom, licence, indiscipline, spontaneity, frankness, kindness, generosity, narrow selfishness, brutality and mass emotion. All this arises from the comparative lack of tradition, the freedom of movement, the plethora of opportunity, the mixture of races and the effect of climate.

Pressure to create a united nation has meant pressure to conform, to follow without deviation the "American Way of Life," to sink individuality in mass opinion. And this tendency is assisted by other influences towards uniformity of thought and emotion. How much need you bother to think for yourself when you can occupy every moment with your radio, the movies, the "comics" in the newspapers and your automobile. A visitor to Los Angeles may reflect that he is seeing perhaps something of what modern civilization in general may look forward to being fifty years hence, and not feel entirely reassured as to the outlook. High-pressure salesmanship enters in modern America into most spheres of life; and to be persuaded and convinced that something is right, is, as the common and revealing phrase goes, "to be sold on it." One is reminded of the *New Yorker*'s drawing of a father bringing his small son from his first visit to church. "How did you like the service?" asked the father. "Well, I liked the commercial very much," replied the boy. To him the sermon represented the parson doing his best to "sell the Church" to the audience. Thus the pressure to create an American citizen and an American way of

life—when the time given to it was short—has had inevitably strong reactions in the direction of uniformity.

It is noticeable that American opinion changes much more as a whole and more quickly, and sways, for instance, from optimism to pessimism with greater rapidity than the English. Americans are always ready to listen to "some new thing." All news must, as far as possible, take the form of a "story"; everything must be dramatized.

The American nation is far from homogeneous and it will be many decades before it is. It is this fact that causes pressure for conformity to be stronger in America than in England. While the immigrant may be absorbed into the American way of life, climate and environment will again differentiate the population into varying types. What the British people should understand is that the final product must be very different from its own. But what they can hope for is that the basic ideals and hopes of Americans will remain identical with theirs.

A Swiss Slant on "Progress"

Kurt von Schumacher, editor-in-chief of the Swiss liberal weekly, *Die Weltwoche,* describes in a series of articles in his paper his impressions during a recent visit to the United States. We quote from the October 18 and November 15, 1946, issues:

The New York skyscrapers have become gray and dusty since I last saw them. One hardly understands one's former enthusiasm for them. Today one senses the attempt to fake grandiosity through simple massiveness. They seem somewhat childish and almost awkward in their attempt to copy all the styles of the old world and to appear as the "latest mode" in addition. One really cannot comprehend why some European art critics compared them with the Parthenon and accepted them as a corresponding expression of our day. It may be that skyscrapers are really the expression of our times, but if this is actually the case, then these are uninspired and unblessed times. What has been achieved here is not actually a new expression but only one of the many expressions of a chaos that is also our chaos.

Despite the bustling life in New York, there is a feeling of barrenness and sterility. A clever Hungarian in America told me: "One has to live in America in order to appreciate Europe's value." I don't record this in a spirit of European presumptuousness, but with shame and sorrow. I am not yet sure whether Europe will be able again to work her way out of the chaos and debasement into which she has fallen.

In another article, von Schumacher deals with the growing "urbanization" of America, the influx into the great cities from town and countryside. He writes:

There are still many people who continue to be primitive admirers of big numbers, who still cling to the 19th century concept that every increase in population is to be admired. But others are skeptical and look at the growing urbanization with a sense of fright. There is a point where a disturbance of the balance between city and country becomes dangerous. Just as many disturbances of the personality balance in individual life do not appear as such but rather as a feeling of increased power and force, it is true that the industrialization that goes together with urbanization at first increases the industrial potential of a country. The social tensions that develop push toward an energetic

and active foreign policy which may appear to the superficial observer as signs of strength.

In ancient Rome such a development led necessarily to world power and dictatorship. I do not wish to imply that America will suffer the same fate within the foreseeable future. There is a very obvious strengthening of American imperialism, but the trend toward dictatorship is much less obvious. I think that it is very possible that an authoritarian form of government will develop in the U.S. which, because of the tremendous strides of an inner *Gleichschaltung,* will not even need to modify drastically the exterior democratic forms. Augustus also maintained, to a certain degree, the old democratic Roman forms. Such a feat would be much easier in America because the radio, press, and uniformity of the exterior modes of living already have prepared the ground for such a development. Even an exterior opposition could be maintained. It would be necessary only to see to it that this opposition was not taken seriously when it undertook to criticize fundamentals.

I often think that not only Russia but also America were never further away from the spirit of democracy—using that word in its French revolutionary sense—than they are today. That a popular radio speaker, whose speech is sandwiched between two commercials for beauty products, can still indulge in violent opposition, no more contradicts this idea than does the fact that an eccentric in Hyde Park can attack the British Government. Both can talk for precisely as long as they are not taken seriously by anybody.

The political possibilities outlined here, however, are only part of the problem. Purely physical problems may be more important. One thing is certain: no human being lives more removed from nature than the American city-dweller. He passes his days in rooms in which artificial light has replaced natural light, in which "air-conditioning" prevents natural changes in temperature. The automobile has assumed such importance that he tends to lose the habit of walking.

I do not want to imply that this trend is necessarily bad. It is certainly in line with what one has come to expect in connection with "the forward march of civilization" and something that we have long admired. It might be possible to correct many of its pernicious influences through sports and scientific nutrition. But in spite of all this one senses that the United States is moving away from a certain natural state of affairs — a development which inspires misgivings. One is reminded of the over-dimensional growth of certain saurians which for a time rendered them masters of the world but which also at the same time prepared them for extinction.

Thus everything that is termed "American bigness" is also somewhat frightening. One senses the moving away from forces that insure permanency; a surrender to those demons who promise force, wealth and power to men, but at the price of dangers, the clearest expression of which is probably the atomic bomb.

A British Voice From California

Gerald Heard, though writing from California, still maintains a European outlook and a European distance when attempting to bring the differences between Britain and America into focus. In the January, 1947, issue of *The Hibbert Journal,* published in London, he writes:

America and Britain went through

the same modern religio-moral development which began with Puritanism, turned into Deism and now has ended in Ph.Dism, from Faith, through Philosophy to the belief that through individual specialization we should come to public salvation. The real divergence began, however, with the change from phase two to phase three. That took place in the last third of the nineteenth century. The anthropological effect of the Civil War in America has yet to be estimated. It is often said that the War of Independence took place because George the Third failed to recognize a nation when it confronted him. It may be said with equal truth of the second war of secession that it failed because Abraham Lincoln recognized a nation when he saw it and therefore killed it. Politically the smell of that corpse still taints the air of American nationalism.

America now has to carry on one-sidely. For America had been a double growth. The Yankee North, mechanically inventive, economically industrial, and, reciprocally, in religion intense, narrow, predestinarian was the Pilgrim Father Puritan stronghold.

Because of the southern destruction, we have nearly forgotten that there was a second root to the American tree — the mainly cavalier south — mainly Anglican. The issue of slavery was the occasion, the slogan of the war; the real cause was the differences of culture which had become unbridgeable if the contracting power of nationalism was to continue. Hence, instead of the generally educated and cultured gentleman—the man whose mores are to him quite as important as his money—there rose to dominance the Yankee Ph.D., the specialist who knows his job supremely well, but about the meaning of life and the way to behave outside business—little or nothing. Edith Wharton makes a character in her brilliant ghost story say, condoning a very foul deed that brought on doom: "I wouldn't say he acted wrong or right—I'd say it was just business."

That has been the American alibi as it has been the alibi of all plutocracy—it pays, therefore it must be right. "Truth is that which gives you power over your environment," that is the dictum of the great Yankee thinker, William James. Hence it has been said that the American is a man who believes anything and has faith in nothing. "In God we trust, but all others must pay cash," used to be the old saying, and now Deism has gone, instead of the demoded word is written, Science—only in specialized research do we rely.

And yet, as a matter of fact, America has not acted in that way, not even in international relations. The explanation of this lies neither in economics nor in statesmen. It can be understood if we understand American history. For when the South, which was still trying to cling to the concept of the cultured gentleman, was destroyed, and the North tried to get on with Ph.Dism, turning out business experts and executives who could control the Government, the North itself discovered this was not enough.

The revolution was a silent one because it had then no votes. It was the revolutionary rise of the American woman. The position of the American woman is not a position but a trajectory. The American man can be studied, for though he thinks himself to be a man of hustle, he hustles around in much the same ring. The Female of the Species is more agile, more tangental, than the male. Of course most British people know about the American divorce rate, about the amazing town of Reno that lives on

that traffic in what has been called the disreputable ambition to appear respectable, always to be married but never for long to the same partner. But in England it is seldom understood that the initiative has passed so much to the woman and the trouble is largely due to that—the adjustment of modern man to a woman who has modernized far more quickly than he has. And the name of this woman of today is not Wife or Mother or cook or mistress of the house or mistress-without-house, but Club Woman. The Club Woman may or may not have allure — she certainly "makes up" as only a woman determined to give her life to nothing but allure would have painted a generation ago. But what she has is not so much man in her eye as all mankind.

It has often been said that the danger of a democracy is that it will never have a consistent foreign policy because it is not interested in foreign affairs, only with getting the best it can out of those conditions which it controls. And that is certainly true of the American business-politician. But all his calculations so that he may be allowed to get on with the business of running the government so that it will pay, are always being frustrated by woman, the Club Woman. When he took to business and politics as a specialization, his wife and sisters began to educate themselves. First they travelled, then they read, then they discussed. Hence the odd situation that whereas in the European democracies it is generally the man who is educated and acquainted with public affairs and the woman who is the specialist with her home, her housekeeping, her family and garden as her field, in America the roles are largely reversed. The American woman talks world politics and makes long range plans. The American man sits silent or goes back to his desk, where he studies immediate goals and local advantages. The American woman has now immense power not only with her vote but by the recognized way of bringing quick political change, lobbying. And, of course, a charming witty woman, beautifully dressed and knowing both her case and her man, is an immensely effective political instrument. It is the American woman who keeps America never able to secede from mankind.

Haskins, in his remarkable book *Of Ants and Men,* has lately drawn attention to the fact long known to entomologists that every highly developed social body has to make a third type between the wandering fertilizing male and the fecund female—the true worker type. Perhaps the American Club Woman is the emergence of such a variant, such an intergrade. It has been said that Democracy is being beaten because its social pattern is out of date in comparison with those of the totalitarian states—it is too loosely made of irresponsible individuals who wish to be left alone with their homes. In the highly intelligent worker-woman who takes the world as her parish, perhaps democracy is mutating into a new social pattern, as far as *homo sapiens* is concerned, and so the English-speaking peoples may yet demode the totalitarians who have thought they have won the social lead.

BOOKS

PORTRAIT OF NEHRU

Jim Cork

Jawaharlal Nehru is a man of imposing stature. That fact can be denied only by those whose objectivity of judgment is clouded by a too narrow loyalty to some "ism," political, religious, or sectional, and who, further, disregard the ample evidence contained in his books.[1] They are the testaments of a great spirit recorded within the envelope of important historical events in which Nehru was a prime mover, events whose outcome will go a long way towards determining the kind of world we shall have in the not too distant future.

How a scion of a wealthy Brahmin family gave up his wealth and position to embrace the cause of India's vast oppressed; drove through intellectually to an agreement with Marxian socialism; languished for years in jail; was elected three times to the presidency of the Indian National Congress; and is able to sway the peasant masses of India more than any other man (audiences of up to 100,000 have gathered to listen to him) with the exception of Gandhi, makes fascinating reading in any case. But told as Nehru tells the story, with the passionate conviction of a participant, yet the serene detachment of an observer weighing and recording from the vantage points of truth and humanity; told in a prose style that is clear, subtle, flexible, and supremely adequate to every shade and nuance of character and event, it provides one with a rich and unforgettable intellectual and aesthetic experience.

Basic Philosophy

Nehru is essentially a rationalist and humanist. He admits the existence of unresolvable mysteries in our universe, but he has no belief in religious dogma, mysticism or supernaturalism, even though he looks with tolerance and understanding upon tormented spirits who look to these for assuagement: "Essentially I am interested in this life, in this world, not in some other world or a future life."[2] The potential divinity in man, he thinks, can be realized only as a secular proposition of a human being functioning on earth: "It has always seemed to me a much more magnificent and impressive thing that a human being should rise to great heights mentally and spiritually, and should then seek to raise others up, than that he should be the mouthpiece of a divine or superior power. Some of the founders of religions were astonishing individuals, but all their glory vanishes in my eyes when I cease to think of them as human beings. What impresses me and gives me hope is the growth of the mind and spirit of man, and not his being used as an agent to convey a message."[3] Nehru has a keen sense

[1]Nebru's books considered here are *Toward Freedom, The Autobiography of Jawaharlal Nehru,* 1941, $5.00; *Glimpses Of World History,* 1942, $4.00; and *The Discovery Of India,* 1946, $5.00, all published by John Day Company, New York.

[2]*Discovery Of India,* p. 15.

[3]Ibid., p. 67.

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of how the enduring obsession with the "eternal" on the part of the theologically minded often covers an escape from handling the real and pressing problems of contemporary man, and in the conflict that is so sharply joined today between the obscurantist "escapists" of every shade, and those who seek to better the social lot of man through the use of the critical and scientific intelligence (though by no means neglecting ethical and humanistic considerations), he places himself squarely on the side of the latter: "There has been in the past, and there is to a lesser extent even today among some people an absorption in finding an answer to the riddle of the universe. This leads them away from the individual and social problems of the day, and when they are unable to solve that riddle they despair and turn to inaction and triviality, or find comfort in some dogmatic creed. Social evils, most of which are certainly capable of removal, are attributed to original sin, to the unalterableness of "human nature," or (in India) to the inevitable legacy of previous births. Thus one drifts away from even the attempt to think rationally and scientifically and takes refuge in irrationalism, superstition, and unreasonable and inequitable social prejudices and practices."[4]

In all this, let me add, Nehru thinks of himself not only as an inheritor of an exclusively western type of rational and scientific thinking, but as equally a son of an Indian cultural tradition. For he stresses the fact, contrary to a widely held misconception, that Indian culture over the millenniums has a deep and enduring strain in it of materialism, rationalism, and "this-worldliness." He tells us that, though the entire literature of philosophical materialism which followed the period of the Upanishads has unfortunately been lost, it is known that the materialist philosophy was professed in India for centuries and had, at the time, a powerful influence on the people. The materialists attacked authority and all vested interests in thought, religion, and theology. They denounced the Vedas and priestcraft and traditional beliefs, and proclaimed that belief must be free and must not depend on presupposition or merely on the authority of the past. They inveighed against all forms of magic and superstition. Their general spirit, says Nehru, was comparable in many ways to the modern materialistic approach. It wanted to rid itself of the chains and burdens of the past, of speculation about matters which could not be perceived, of worship of imaginary gods.

It was because of the generally rationalistic temper of his own thought that Nehru found himself attracted to the teachings of Buddha ("... not as a religious appeal, and I am not interested in the dogmas that have grown up around Buddhism") which he regards as basically rational and ethical doctrine with a strong anti-metaphysical, anti-mystical, and anti-supernatural bent.

Nehru and Gandhi

Of all the personalities Nehru discusses in his books, Gandhi looms the largest. Indeed Nehru's discussion of Gandhi serves to bring into sharp focus his own social and political ideas. In a definite sense, he performs the service of double biography (at least in the evolution of ideas), Gandhi's as well as his own.

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[4]Ibid., p. 18.

Gandhi has had a rather curious impact on western observers, including liberals and even socialists. In approaching him they check their reason outside and regard him with wonder and awe. They usually make of him a combination of saint and medieval mystic whose baffling ideas and tactics, supposedly fitted to the peculiar needs of India, cannot be comprehended by the puny rationalism of the West.

It would be hard to imagine a mind more primitive, irrational, mystic and even downright reactionary in social matters than Gandhi's. He accepts the fundamental social structure of India built around the caste system. He approves the stratification of society.[5] Gandhi's future India has room for the princes, the big landlords, the moneylenders.[6]

Gandhi's shadow is always behind Nehru. That shadow, like original sin, Nehru alternately embraces and wrestles with. Nehru's doubts about Gandhi's social beliefs, his irrationalism, his idealization of poverty, his blessings of primitivism, etc., are scattered throughout the pages of his *Autobiography.* Listen: "He blesses all the relics of the old order, which stand as obstacles in the way of advance — the feudal states, the big *zamindaries* (landlords), and the *talukdaries* (money lenders)—the present capitalist system";[7] or, "I could not understand how he could accept, as he seemed to do, the present social order, which was based on violence and conflict";[8] or, "I read with a great shock Gandhiji's statement to the effect that the earthquake (in January, 1934—J. C.) had been a punishment for the sin of untouchability";[9] or, "What, after all was he aiming at? In spite of the closest association with him for many years, I am not clear in my own mind about his objective. I doubt if he is clear himself";[10] or, "All this seems to me utterly wrong and harmful doctrine . . Behind it lies Gandhiji's love and praise of poverty and suffering and the ascetic life . . Personally I dislike the praise of poverty and suffering. I do not think they are at all desirable, and they ought to be abolished . . Nor do I appreciate in the least the idealization of the simple peasant. I have almost a horror of it . . This desire to get away from the mind of man to primitive conditions where mind does not count seems to me quite incomprehensible. The very thing that is the glory and triumph of man is decried and discouraged, and a physical environment which will oppress the mind and prevent its growth is considered desirable,"[11] and much more of the same.

For Gandhi a social hierarchy is natural and eternal. He would fight, in his own words,[12] against its disrup-

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[5]In light of this the attempt to make Gandhi out to be some kind of socialist, as Louis Fischer does in the March issue of this magazine, is fantastically misleading.

[6]See, in this connection, Anup Singh's, *Nehru, The Rising Star Of India,* p. 130-131.

[7]*Autobiography,* p. 322.

[8]Ibid., p. 240.

[9]Ibid., p. 301.

[10]Ibid., p. 313.

[11]Ibid., p. 314-315.

[12]In July 1934, at Cawnpore, Gandhi said he was "never in favor of abolition of the *talukdari* or *zamindari* system . . . I shall be no party to dispossessing propertied classes of their private property . . . But supposing there is an attempt to deprive you of your property unjustly, you will find me fighting on your side. The socialism and communism of the west is based on certain conceptions which are fundamentally different from ours." (*Autobiography,* p. 325.)

tion. His blueprint for justice is the idea of trusteeship, quite analogous to the feudal conception. His attitude on sex, birth control, and art is as rigid and backward (and thoroughly shocking to Nehru)[13] as, say, that of the Catholic Church. Non-violence is the cardinal tenet of his faith. He holds it in an absolutist and not in a pragmatic sense. His total outlook is equally repugnant to rationalism, humanism, social idealism.

The hold that Gandhi has over the minds of many men of undoubted intellectual and moral stature, and economic and social radicals to boot (John Haynes Holmes and Louis Fischer, for instance) is, in view of the record, frankly a puzzle. Perhaps the answer lies in the fact that Gandhi has stressed ethical, moral, and spiritual values against the crude and blatant materialism (in a non-philosophic sense, that is) of our age. In a time of great moral crisis like our own, such preachments would naturally elicit a wide response. Perhaps it is explained, further, by the undoubted fact that he, more than any man, has drawn the Indian masses together, inspired them to stand firmly against the oppressions of western imperialism, and set them on the move for national independence. Yet if these considerations help to explain, they cannot, in my opinion, validate the contention of some of our radical humanitarians that Gandhi's ideas provide us with the curative for the malady of our age. For whatever worth these ideas may have as abstractions, or as means, they are utilized for and subordinated to concrete economic, social, political, and cultural ends which no rationalist, humanist or socialist can countenance for one moment. Witness Nehru's doubts, shocks, and rejections.

Yet Nehru, also, in spite of his hesitations, succumbs to the "magic" of the little man in the loin-cloth. A modernist who deprecates Gandhi's medieval outlook; a rationalist who criticizes Gandhi's religious and mystical tendencies; a socialist who is shocked at Gandhi's defense of India's hierarchy; a believer in mass movements who is irritated by Gandhi's calling off of civil disobedience at various times for relatively trivial reasons; Nehru nevertheless abdicates his reason at the final and decisive moment before the "mystery": "It was impossible to judge him by the usual standards, even to apply the ordinary canons of logic . . . often the unknown stared at us through his eyes."[14]

Nehru is the finished product of a unique synthesis of the best that western and eastern cultures have contributed to world civilization. His rational and scientific temper, his concern for the material well-being of the lowly, his sensitivity to ethical and moral questions, combine to form an over-all vision that is so much more generous and forward looking than Gandhi's that it is distressingly regrettable, to say the least, to see him thrown for a loss in his wrestlings with the Mahatma.

Nehru's Socialism and Russia

Nehru's words on socialism are as eloquent as any spoken in this century. The work of Marx, the experience of the Russian Revolution, the plight of India under the British occupation have each contributed in its own way towards making Nehru

[13]See *Autobiography*, p. 316.
[14]Ibid., p. 190.

an uncompromising adherent of socialism. In discussing the last, Nehru's usual philosophic calm for once deserts him. His castigation of the British Raj for the blight it brought upon India is deservedly bitter as he graphically unfolds the whole story of the occupation: the original admission to India of the East India Company; its gradual ascension to power by combined use of deception, fraud, and military means; the vast plunder gotten out of India; the destruction of the various native crafts and industries; the consequent imbalance between industry and agriculture with its inevitable offshoots of huge unemployment, lowered standard of living, and starvation; the creation of India as virtually an agricultural hinterland to the industrial home country; the consolidation of British control by the creation of vested interests in India whose destinies were integrally tied up with Britain, and whose privileges depended upon continuation of British rule (princes, landowners, government bureaucracy, etc.); the creation of the Indian States system as a foil to the rest of India. Nehru minces no words and spares no horrible details. The story, as told, (especially in the *Discovery of India*) is an enduring monument to and condemnation of the amoral cruelties of imperialist oppression.

To a democratic socialist, Nehru's attitude on Russia is most disappointing. Though he criticizes the Communist Party of India, and points out that the rampant nationalism of the Soviet Union is a regrettable departure from a healthy internationalist socialist position, and deprecates the lack of political democracy in the Soviet Union, his criticism of the Russian regime, nevertheless, is neither sharply challenging nor fundamental. In spite of the few negative observations made, the Soviet Union seemingly remains for him, basically, the prototype of the good society.

Such unawareness on Nehru's part of the evils of totalitarianism is surprising. From one so sensitive to the sufferings of human beings, we could reasonably have expected winged words of protest of the sharpest kind against the forced labor camps; against the regimented economy; against the violation of the rights of small nations; against the brutal role of Russia in eastern Europe; against the bestiality of the purges, etc. But no! In regard to the last, for instance, his position is inexcusably equivocal: "It is difficult for me to express a definite opinion about these trials or the events that led up to them. But it is undoubted that the trials disturbed large numbers of people, including many friends of the Soviet Union, and added to the prejudice against Russia. Close observers are of the opinion that there was a big conspiracy against the Stalinist regime and that the trials were *bona fide*."[15]

That the agony of spirit engendered wherever the shadow of Russia falls should not have caused the gravest doubts to rise in the mind of the man who closes his *Discovery of India* with the words: "All my life and my strength were given to the first cause in the world—the liberation of mankind," is supremely disquieting. How ironic that these words are quoted by Nehru from Lenin!

Nehru is now the head of the interim Indian Government. Perhaps his ensuing experience in world politics in relation to other governments, including that of the Soviet Union, will supply the needed corrective. We hope

[15] *Glimpses of World History*, p. 965.

so. For there are fundamental shifts of power taking place in the world today. The colonial empires are disappearing; Europe is being forced into a back seat; eastern nations like India and China will be of increasing importance in deciding the fate of the peoples. If Nehru can successfully carry over into the realm of practical politics the implications of those socialist ideals which he expresses so nobly in words, he will make a contribution towards lessening the evils, cruelties, and oppressions so rampant in our world.

THE DRIFT TOWARD DEPRESSION

Aaron Levenstein

Toward the close of the war, most commentators were gloomy about the future of American industry. The nation debated with a deep sense of urgency a "Full Employment Bill," introduced by Senator James E. Murray. Some 20,000,000 war workers looked ahead with the sinking sensation that their jobs would drop from under them once the whistles screamed out the Armistice. New Deal economists predicted that a year after Japan laid down her arms, the United States would have from six to eight million unemployed and that the compounding effects of unemployment would then take a higher toll.

Now the atmosphere has changed. America is getting smug about its economic prospects. There is optimism in labor circles, and American businessmen, despite erratic behavior of the stock market and abnormally high inventories, still look forward to unusually good profit levels.

The only slightly discordant note is that 1947 may bring a recession or a "dip," as the President's Council of Economic Advisors expresses it. And even this hint of trouble disturbs no one, for the business journals write almost in welcoming terms that the recession will be a wholesome "shaking down" to a normal high level of prosperity in the United States. Cassandra has been hooted off the stage, and Mr. Micawber has the spotlight.

If the only thing we have to fear is fear itself, we have little to be afraid of today. Conservative businessmen are planning their affairs on the assumption that a reduction in their volume of operations will take place, but that it will be very small. In this they follow the optimism of the President's Economic Advisors who foresee, after the 1947 "dip," a sustained high level of business activity "for a period of some years ahead."

To many businessmen, the only factor that could have stayed the impending era of good profits was the interruption of production by the obstreperous unions. But with the Republican Congressional triumph of 1946 and the likelihood of its being topped off by a Presidential victory in 1948, they now feel that the reins on strikes are in good, firm hands. And they find confirmation of their optimism in the timidity with which labor has pressed the second round of wage demands.

In general, confidence in the "free enterprise system" has been newly bolstered. Public opinion, as reflected in the election returns, seems to favor the slogan of "give business its head." OPA has been laid to rest; its remaining vestiges—sugar rationing and rent control—are walking the last mile;

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the building industry was successful in eliminating Wilson Wyatt and is on the way to more non-housing construction; the President's budget is arousing no militant support against the Republican paring knife, even though the shibboleth of national defense has been invoked; and business is about to get tax relief for the purpose of "encouraging investment." This political success of business is possible only when the people have confidence in its economic success.

The explanation is to be found partly in the superficial comparisons between Europe's present conditions and the obvious superiority of America's economic position. For example, Russell Porter writes in the New York *Times* that "the 'planless' economy of the United States, which was expected to collapse in a major depression—at least as predicted by advocates of planned economy—thereby endangering the stability of the rest of the world, is still going right ahead, overcoming its own obstacles one after another and shipping abroad goods for the United Nations Relief and Rehabilitation Administration and for private relief as it sent lend-lease during the war, while the planned economies of Europe and Asia, despite all the aid that we have given them, are running into one economic crisis after another." A reader who confined himself purely to Mr. Porter's comments would not know that Europe's cities had been laid waste by bomb and shell and its fields overrun by tank-treads. Without referring to the causes, Mr. Porter writes that the crises of foreign countries "continue to be crises of scarcity, of shortages of food, clothing and shelter, the necessities of life, which grind down the people; whereas the crises of free enterprise in the United States have been crises of abundance." It does not occur to him that Europe's crisis of scarcity makes more sense than an American crisis of abundance.

But whatever the merits of the argument, the significance of Mr. Porter's article is that it reflects a common attitude, one that can be expected to gain greater currency for some time to come. There is good reason to believe that Mr. Porter is accurately describing the popular attitude when he says that "the American people seem to have made up their mind that free enterprise has proved itself both as an essential element of democracy and also as an economic asset." That conclusion will be heard widely from the radio and will be read repeatedly in magazines and newspapers.

Not so widely read, but certainly closer to the truth, is Fritz Sternberg's new book.[1] Mr. Sternberg's past record as a prophet, if not unique, is at least substantial. Now he has made the unqualified prediction that the deepest trough in the world's business cycle lies ahead of us. His thesis, under present circumstances, is not likely to win him much popularity, except among those realists who would rather face an ugly fact than clutch at the warm stem of an opium pipe.

For Mr. Sternberg reminds us very harshly that we never overcame the depression of 1929-1938. That piece of unfinished business still lies on the table. In every other crisis, he points out, the world made a visible recovery by overtaking and exceeding the previous high levels of production. In 1938, America was still more than 25 per cent short of its 1929 output—despite the good intent and the strenuous exertions of the New Deal.

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[1] *The Coming Crisis*, Fritz Sternberg, John Day Company, New York, 1947, $3.50.

Mr. Roosevelt, in short, had not found the answer for which he was vaguely groping. Nor had he come any closer in 1944 in the one campaign speech which dealt with economic problems. As he saw it, the hope for post-war stability lay in tripling our foreign trade. Without it, he conceded in effect, America could not sustain a level of 60,000,000 jobs. What Mr. Roosevelt was looking for was a new market in which our war-expanded industrial capacity could dispose of its products.

The home market is certainly not adequate to absorb the increased output, as Mr. Sternberg demonstrates statistically. Even American businessmen, who are not outdoing each other in seeking to raise the wages of their own employees, recognize the need for raising mass purchasing power at home if they are to dispose of their bigger volume of goods. Only a phenomenal increase in real wages could have that effect. *Business Week,* for example, in its economic outlook for 1947, foresees trouble fairly soon in the United States:

"Without question a sizeable quantity of non-durables in past months has gone into inventory. When inventory buying dries up something must take its place. The consumer is the obvious man to take over, yet higher prices have severely limited his ability to do so.

"As a matter of fact, some statisticians estimate that consumers must increase their spending rate by about one-fourth between mid-1946 and second-quarter 1947 if available goods are to be moved from the market and current prices maintained. They get this disturbing figure by combining a 12% advance in the cost of living with an estimated increase in output for consumption (largely durables) of 12%. The same statisticians are quick to point out that wages and salaries in October were only about 5% higher than in June and with employment virtually at capacity little further gain is to be anticipated except through higher wage rates . . . It is the fact that such a gap unquestionably exists, rather than the exact figure, that is significant . . ."

But just as every businessman believes in low prices that will allow customers to buy his high-priced product, so he believes in high consumer purchasing power except where it affects his own unit labor cost. No one seriously believes that American business is ready to give domestic purchasing power a shot in the arm.

As for the foreign market, Mr. Sternberg has done the painstaking job of computing how much we must step up our trade with Continental Europe, China, Asia and the Soviet Union, if we are to dispose of our surpluses. During the war American production, functioning under planning for war purposes, "was one and a half times as large as the sum total of world imports (not including the United States) in 1929, one of the best years of prosperity." The gullet of the world will have to be considerably stretched if it is to swallow our increased stream of goods. If we are to triple our foreign trade, then the rest of the world must triple its purchases from us. Can China, whose total imports from all the nations amounted to $663,000,000 in 1929, now take a billion dollars worth of goods from the United States alone?

Already we are in the midst of a new race for world markets. England must export to live, and her people are engaged in a great effort to rehabilitate their island by producing for their neighbors. Soviet Russia, too, is making her bid, both in Europe and Asia. While Mr. Sternberg's view of

Russia's economic strength is undocumented, in contrast with his characterizations of other nations, he believes that Russia's totalitarian economy will keep her untouched by the backwash from the tidal wave of depression.

Mr. Sternberg is not alone in thinking that. For many of the nations in Europe, the hard decision in economic terms lies between linking their destinies with Russia or with the United States. Sweden, for example, within easy reach of the Soviet military machine, has much to give it pause. But even without that fear, Gunnar Myrdal, the Social Democratic minister of finance, has preferred to deal with Russia because of his conviction that American industry is heading down in the next turn of the cycle. In 1944, he predicted depression for this country in a speech before the Swedish Economic Society, published here by the National Planning Association. If he ties the fate of his little country to the economy of the Soviet Union, there is little reason to be surprised.

In Czechoslovakia, the Communists are using this same fear to advantage. The central organ of the Party in Prague, arguing that Czech politics cannot look to the East while its economy looks to the West, says pointedly: "Among our first ten foreign-trade partners there is no Slav country except the Soviet Union. No one of these ten except the Soviet Union has a planned economy prohibiting crises. We must give the greatest part of our foreign trade to the Soviet Union and other Slav countries."

In England, too, and in France, there is dread of what American collapse will do to the world.

Whether Russia will be affected by a world-wide depression starting in the United States is a question that Mr. Sternberg answers with too much facility. Unfortunately, in dealing with the Soviets, he reverses his whole method and argues deductively that Stalin's planned economy is outside the operations of the business cycle which is characteristic of a capitalist economy. That may or may not be true—it remains to be seen, however, whether a totalitarian state does not have within it other causes of periodic breakdown. A democracy does have the mechanism for correcting faulty planning; the victims of faulty planning have a medium through which they can expose and compel abandonment of the errors.

Mr. Sternberg is in no better position to assess the future of Russia's internal structure than any other economist. The iron curtain conceals the facts. The only certainty we have is that the Kremlin is attempting to build its own autarchy in the orbit it has staked out. Indeed, the only logical explanation for the maneuvers on the world scene now is that Russia is building an economic unit intended to assure its own security and challenge the non-Communist economy—whether socialist or capitalist—of the rest of the world. That its policies aggravate the problems of an American capitalism which is seeking foreign markets in its fight for survival is quite clear. Even American isolationists who didn't care a penny's worth when Poland and the Balkans were handed over to dictatorship, despite the four freedoms, are concerned when trade with those countries is sealed off by the iron curtain.

This situation, of course, is the stuff of which the next war will be made. Mr. Sternberg makes this the climax of his book, but in doing so he leaves his readers with despair. For he generously provides American liberals and laborites with a program for educating the American people to

an abhorrence of the coming war. He is apparently convinced that if the American people don't want war, there will be no war. Unfortunately, he has himself pointed out that war is always accepted by the people as itself a solution—a solution of their economic problem. The *Wehrwirtschaft* which he identifies as the politician's answer to the economic crisis is offered by the politician precisely because the people want jobs and will take anything that offers jobs on the theory that work-and-war is better than unemployment-and-peace.

Furthermore, the American liberal and laborite knows that the people must be educated to peace—but that means the Russian people, too. And no one has yet perfected the instrument of communication that can reach through the Russian censorship. In the days of the old Second International, the theory was that a general strike on both sides of the international boundary could stop war. Today there isn't even contact between the peoples.

But whatever the weaknesses of Mr. Sternberg's book as a program of remedial action, it remains a sound work of economic diagnosis and prognosis. *The Coming Crisis* was scarcely off the press when confirmation of its basic thesis came from an unusually authoritative source, one which is unfortunately completely ignored by Mr. Sternberg. Nowhere in the book is any reference made to the United Nations, that shadow-skeleton of an organization, which may some day play a part in the coming crisis, for good or evil. One of its commissions, however, is apparently already aware of the gruesome prospect that Mr. Sternberg has painted. The Preparatory Commission on World Food Proposals has reported to the Economic and Employment Commission that "unless positive action on an international scale was promptly undertaken, the world would be headed for an economic and social disaster of even greater magnitude than the crisis of 1929-1932." In presenting the report, Viscount Bruce, Chairman of the Commission, emphasized that this conclusion was "the considered judgment of responsible representatives of seventeen governments including those of the greatest industrial and commercial nations, such as the United States, the United Kingdom and Canada, and representing a thousand million people from every quarter of the globe."

Next time the crisis will arrive well heralded.